

CSHB

126

SENATE COMMITTEE REPORT

FURTHER:

5/18/87

DATE TURNED INTO OFFICE

5/19/87

Mr. President:

FINANCE

Committee considered CSHB 126(Fin)

public school foundation program, employer contributions to the Teachers' Retirement System, and community school programs; efd

and recommended:

replace with CS FOR \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted SFC

Committee  attached or  adopted fiscal note(s)

new  updated or  previous  
 zero  fiscal impact

10.6

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

John Duran  
Paul Glick  
Rich [unclear]  
[unclear]  
\_\_\_\_\_  
\_\_\_\_\_

Frank [unclear] (No Rec)  
W. Keenley  
\_\_\_\_\_  
\_\_\_\_\_

John [unclear] (No Rec)  
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA, 1987, LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: CSHB 126 (Fin)  
Publish Date: HOUSE 4/23/87

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						
<b>TOTAL OPERATING</b>		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						
<b>TOTAL</b>						

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
<b>TOTAL</b>	<b>10599.3</b>

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

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

432,385.8 - HB 126  
600.0 - Valdez/Harborview

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

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(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

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10,599.3 - Total Fiscal Note



Official Business

# Alaska State Legislature

SENATE

*Committee on Finance*

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

SENATE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR

SCS 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, including restoration of the state obligation for one-half the actuarial cost after deduction of the required employee share.

It is the intent of the Legislature that expenditures from the appropriation to the Department of Education for the purpose of mitigating adverse consequences to small single site schools and REAA's be brought to the Legislative Budget and Audit Committee for approval before dispersal. The Department shall bring a recommendation for the disbursement of the funds to Legislative Budget and Audit no later than September 1, 1987.

The Legislature recognizes the importance of developing a foundation funding program that is fair and equitable to all school districts in the state. The Legislature also recognizes that as a result of the new foundation plan that some small single site school districts have not fared equitably under the new funding method. It is the intent of the Legislature to review and evaluate the new foundation formula by December 31, 1987, and include information as to the equity of the new plan on all districts of the state.

  
Senator John Binkley, Co-Chairman  
Senate Finance Committee

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

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:

10	ADM	Units
11	1 - 10	2
12	11 - 20	$2 + ((ADM-10)/5)$
13	21 - 60	$4 + ((ADM-20)/8)$
14	61 - 120	$9 + ((ADM-60)/12)$
15	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:

20	School District	Area Cost Differential
21	Adak	1.27
22	Alaska Gateway	1.19
23	Aleutian Region	1.31
24	Anchorage	1.00
25	Annette Island	1.03
26	Bering Strait	1.39
27	Bristol Bay	1.27
28	Chatham	1.03
29	Chugach	1.14

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.

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/17/87

Mr. President:

FINANCE

Committee considered CSHB 126 (FIN)

public school foundation program, employer contributions to the Teachers' Retirement System, and community school programs; efd

and recommended:

replace with Senate CS FOR CSHB 126 (FIN) )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

5,726.4

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
W. Hensley

[Signature] (Notice)

3 DO PASS  
Chairman signature and recommendation

Committee Backup Attached

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

**REQUEST:** \_\_\_\_\_

Bill Version: SCCSHB 126 (Fin)  
Publish Date: \_\_\_\_\_

Revision Date: 5/17/87  
Title: Relating to the Public  
School Foundation Program  
Sponsor: Governor  
Requestor: Senator Binkley

Agency Affected: Educational/Administratio  
BRU: Foundation Program (Education)  
Commissioner's ofc (Administrati  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		400.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		5,326.4				
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>5,726.4</b>				

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		5,726.4				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>5,726.4</b>				

**POSITIONS:**

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Department of Education	5,326.4
(1) Summary Cost of amendments no. 1-3, 5-7, 16-17	
(2) Cost of each amendment (see attachment)	

Prepared by: \_\_\_\_\_ Phone: \_\_\_\_\_  
Division: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

**Distribution (by preparer):**

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

Department of Administration

400.0

Commissioner's Office

Contractual Service

no. 15

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR 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 or in a municipal school district until the  
17 expiration of the fiscal year in which the municipality was incor-  
18 porated. Interest earnings and other local revenue in a regional  
19 educational attendance area are not considered local revenue for  
20 current operating expenditures.

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

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

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

1 (2) the sum of 10 percent of the district's eligible feder-  
2 al impact aid for that year and, for the first year the equivalent of  
3 a one mill tax levy, for the second year the equivalent of a two mill  
4 tax levy, and for the third year the equivalent of a three mill tax  
5 levy, on the full and true value of the taxable real and personal  
6 property in the district as of January 1 of the second preceding  
7 fiscal year, as determined by the Department of Community and Regional  
8 Affairs under AS 14.17.140 and AS 29.45.110.

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

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

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

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

24 (2) the number of units for vocational education determined  
25 under AS 14.17.043;

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

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

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

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

7 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

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

ADM	Units
1 - 15	3
16 - 20	$3 + ((ADM-15)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

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

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

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

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

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

28 (c) A district that is a single funding community with an  
29 average daily membership of 525 or less receives additional units

1 determined under the following table:

2 ADM	Units
3 100 - 120	2.00
4 121 - 160	1.75
5 161 - 250	1.50
6 251 - 400	1.00
7 401 - 525	0.75

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

10 (e) 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 vocational education courses  
17 approved by the department are calculated as the sum, for all of those  
18 courses in the funding community, of the products obtained by multi-  
19 plying 0.05 by the ADM full-time equivalent of the course, and then by  
20 the cost weighting factor for the course determined under department  
21 regulations. A funding community in which a vocational education  
22 course approved by the department is operated receives a minimum of  
23 0.10 instructional units for vocational education, or each district in  
24 which a vocational education course is operated receives a minimum of  
25 1.00 instructional units, whichever is greater.

26 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) 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.

9 (b) Notwithstanding (a) of this section, in a district that  
10 offers a special education program each funding community receives a  
11 minimum of 0.25 instructional units for special education for each  
12 funding community in which a child is served or the district receives  
13 a minimum of 1.00 instructional units for special education, whichever  
14 is greater.

15 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A  
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. A funding community in  
24 which a bilingual program approved by the department is operated  
25 receives a minimum of 0.10 instructional units for bilingual educa-  
26 tion, or a district in which a bilingual program is operated receives  
27 a minimum of 1.00 instructional units if the weighted ADM is less than  
28 13 and a minimum of 2.00 instructional units if the weighted ADM is 13  
29 or more, whichever is greater.

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

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

4 School District	Area Cost Differential
5 Adak	1.27
6 Alaska Gateway	1.19
7 Aleutian Region	1.31
8 Anchorage	1.00
9 Annette Island	1.03
10 Bering Strait	1.39
11 Bristol Bay	1.27
12 Chatham	1.03
13 Chugach	1.14
14 Copper River	1.14
15 Cordova	1.11
16 Craig	1.03
17 Delta/Greely	1.16
18 Dillingham	1.27
19 Fairbanks	1.04
20 Galena	1.30
21 Haines	1.05
22 Hoonah	1.08
23 Hydaburg	1.03
24 Iditarod	1.33
25 Juneau	1.00
26 Kake	1.03
27 Kashunamiut	1.33
28 Kenai	1.00
29 Ketchikan	1.00

1	King Cove	1.27
2	Klawock	1.03
3	Kodiak	1.09
4	Kuspuk	1.46
5	Lake & Peninsula	1.31
6	Lower Kuskokwim	1.42
7	Lower Yukon	1.35
8	Matanuska-Susitna	1.00
9	Nenana	1.20
10	Nome	1.34
11	North Slope	1.45
12	Northwest Arctic	1.45
13	Pelican	1.08
14	Petersburg	1.00
15	Pribilof	1.30
16	Railbelt	1.23
17	Sand Point	1.27
18	Sitka	1.00
19	Skagway	1.05
20	Southeast Island	1.04
21	Southwest Region	1.31
22	St. Mary's	1.30
23	Tanana	1.30
24	Unalaska	1.27
25	Valdez	1.11
26	Wrangell	1.00
27	Yakutat	1.08
28	Yukon Flats	1.46
29	Yukon-Koyukuk	1.46



1 travel costs for education and professional support staff, and high  
2 transportation costs to deliver basic goods and supplies to schools in  
3 the district.

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

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

11 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-  
12 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount  
13 of local effort under AS 14.17.025 and to aid the department and the  
14 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC  
15 NEED UNDER AS 14.17.021] the Department of Community and Regional  
16 Affairs, in consultation with the assessor for each district, shall  
17 determine the full value of the taxable real and personal property in  
18 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA  
19 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL  
20 BE HONORED.] If there is no local assessor or current local assess-  
21 ment for a district, then the Department of Community and Regional  
22 Affairs shall make the determination of full value from information  
23 available. In making the determination, the Department of Community  
24 and Regional Affairs shall be guided by AS 29.45.110. The determina-  
25 tion of full value shall be made by [BEFORE] October 1 and sent by  
26 certified mail, return receipt requested, on or before that date to  
27 the president of the school board in each district. Duplicate copies  
28 shall be sent to the commissioner. The governing body of a [THE]  
29 borough or city that [WHICH] is a school [THE] district may obtain

1 judicial review of the determination. The superior court may modify  
2 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 30 days  
10 after the end of the 20-school-day period ending the fourth Friday in  
11 October, each district shall transmit a report to the department that,  
12 under regulations adopted by the department, reports its average daily  
13 membership for that counting period, and other student count informa-  
14 tion that will aid the department in making a determination of its  
15 state foundation aid. If it makes the district eligible for more  
16 state foundation aid, a district may transmit, within 30 days after  
17 the 20-school-day period ending the second Friday in February, a  
18 similar report for that counting period. The department may make  
19 necessary corrections in the report submitted, and shall notify the  
20 district of changes made. The commissioner shall notify the governor  
21 of additional appropriations the commissioner estimates to be neces-  
22 sary to fully fund the public school foundation program for the cur-  
23 rent fiscal year.

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

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

29 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The

1 department shall determine the state foundation aid for each school  
2 district in a fiscal year on the basis of the district's data reported  
3 under AS 14.17.160 for the counting period that makes the district  
4 eligible for the greatest number of instructional units. On or before  
5 the 15th day of each of the first nine months of each fiscal year,  
6 1/12 of each district's state foundation aid shall be distributed on  
7 the basis of the data reported for the preceding fiscal year. On or  
8 before the 15th day of each of the last three months of each fiscal  
9 year, 1/3 of the balance of each district's state foundation aid shall  
10 be distributed, after the balance has been recomputed on the basis of  
11 student count and other data reported for the current fiscal year.

12 (b) If a district receives more state aid money than it is  
13 entitled to receive under this chapter, it shall immediately remit the  
14 amount of overpayment to the commissioner, to be returned to the  
15 public school foundation account. Upon an adequate showing of a cash  
16 flow shortfall, and in the discretion of the commissioner, the depart-  
17 ment may make advance payments to a school district. The total of  
18 advance payments may not exceed the amount of state foundation aid for  
19 which the district is eligible for the fiscal year.

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

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

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

28 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-  
29 ture, in enacting this public school foundation program, to assure an

1 equitable [ADEQUATE] level of educational opportunities for those in  
2 attendance in the public schools of the state. Except for the limita-  
3 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-  
4 preted as preventing a public school district from providing educa-  
5 tional services and facilities beyond those assured by the foundation  
6 program.

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

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

12       (b) Money to carry out the provisions of AS 14.17.010 - 14.-  
13 17.190 may be appropriated annually by the legislature into the public  
14 school foundation account. If amounts in the account are insufficient  
15 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for  
16 a fiscal year, each district's basic need shall be reduced pro rata as  
17 necessary to make the funds available sufficient to meet the alloca-  
18 tions for that fiscal year.

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

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

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

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

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

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

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

6 (13) "eligible federal impact aid" for a fiscal year means  
7 the amount of federal aid received by the district as of March 1 of  
8 the fiscal year as payment for its entitlement for the application  
9 submitted during the preceding fiscal year, including advance pay-  
10 ments, and adjustments received since March 1 of the preceding fiscal  
11 year from prior year applications, under secs. 2, 3, and 4 of P.L.  
12 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments received  
13 under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)(ii)), to  
14 the extent the state may consider that aid as local resources under  
15 that Act and the regulations adopted under it;

16 (14) "local contributions" means appropriations to the  
17 school operating fund by the city or borough, interest earnings that a  
18 district is allowed to keep and spend on school operations, state  
19 tuition payments, the value of in-kind services performed by the city  
20 or borough, and 10 percent of the district's eligible federal impact  
21 aid.

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

23 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
24 contribute to the retirement fund an amount equal to [ONE-HALF] the  
25 percentage, as certified by the administrator, of the sum total of the  
26 base salaries of all teachers that is required in addition to teacher  
27 contributions to provide the benefits of this chapter times the sum  
28 total of the base salaries paid to teachers by the employer. The  
29 employer contribution shall be paid during the fiscal year following

1 the fiscal year for which the contribution is calculated.

2 \* Sec. 23. AS 14.25.070 is amended to read:

3       Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
4 contribute to the retirement fund an amount equal to one-half the  
5 percentage, as certified by the administrator, of the sum total of the  
6 base salaries of all teachers that is required in addition to teacher  
7 contributions to provide the benefits of this chapter times the sum  
8 total of the base salaries paid to teachers by the employer. The  
9 employer contribution shall be paid during the fiscal year following  
10 the fiscal year for which the contribution is calculated.

11 \* Sec. 24. AS 14.36.030 is amended by adding a new subsection to read:

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

15 \* Sec. 25. TRANSITION. (a) For the purpose of calculating the re-  
16 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,  
17 and for the purpose of (d)(2) of this section, each district's basic need  
18 for the preceding fiscal year is as determined by the department based on  
19 its projections of student count data for fiscal year 1988 and the allow-  
20 able instructional units and instructional unit value as contained in this  
21 Act.

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

25       (1)  $(p \times \text{sum}87 \times \text{current ADM/ADM}87) - \text{current need}$ ; or

26       (2)  $(p \times \text{state}87 \times \text{current ADM/ADM}87) - \text{current state}$ .

27       (c) In (b) of this section

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

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

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

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

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

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

15 (7) "sum87" means the sum of

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

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

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

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

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

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

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

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

7 (2) 35 percent of the district's basic need as determined under  
8 (a) of this section.

9 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts  
10 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,  
11 between March 1, 1937, and July 1, 1987, based upon applications submitted  
12 before or during fiscal year 1986 may not be subtracted from the district's  
13 basic need under AS 14.17.021(b).

14 \* Sec. 26. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,  
15 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-  
16 17.250(12) are repealed.

17 \* Sec. 27. AS 14.25.080 is suspended from July 1, 1987, through  
18 June 30, 1988.

19 \* Sec. 28. AS 14.17 is repealed July 1, 1988, unless

20 (1) before January 1, 1988, the Department of Administration has  
21 compiled data sufficient to establish an area cost differential for each  
22 school district that reflects the total cost of providing educational  
23 services at a constant level in each district and presented a proposed area  
24 cost differential for each district to the Legislative Budget and Audit  
25 Committee; and

26 (2) before the adjournment of the Second Session of the Fif-  
27 teenth Alaska State Legislature, the legislature has enacted legislation  
28 amending or affirming the area cost differentials set out in AS 14.17.051,  
29 as amended by sec. 8 of this Act.

1 \* Sec. 29. Sections 4, 25, and 28 of this Act take effect immediately  
2 under AS 01.10.070(c).

3 \* Sec. 30. Sections 1 - 3, 5 - 10, 12 - 22, 24, 26, and 27 of this Act  
4 take effect July 1, 1987.

5 \* Sec. 31. Sections 11 and 23 of this Act take effect July 1, 1988, if  
6 the conditions described in sec. 28(1) and (2) of this Act are met.

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AMENDMENT # \_\_\_\_\_

Offered in the HOUSE

By Herrmann

TO: Letter of intent for CS HB 126 (FINANCE)

Adds a section:

The Legislature recognizes the importance of developing a foundation funding program that is fair and equitable to all school districts in the state. ~~The Legislature also recognizes that as a result of the new foundation plan that some small single site school districts have not fared equitably under the new funding method.~~ It is the intent of the Legislature to review and evaluate the new foundation formula by December 31, 1987 and include information as to the equity of the new plan on all districts of the state.

*reinsert*

*3/19/87*

*Merge into attached letter of intent.*

*Retain delineated material.*

*Withdrawn by sponsor*

*HB 126 passed House 4/27/87*

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**



Official Business

# Alaska State Legislature

SENATE

*Committee on Finance*

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

SENATE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR

SCS 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, including restoration of the state obligation for one-half the actuarial cost after deduction of the required employee share.

It is the intent of the Legislature that expenditures from this appropriation to the Department of Education for the purpose of mitigating adverse consequences to small single site schools and REAA's be brought to the Legislative Budget and Audit Committee for approval before dispersal. The Department shall bring a recommendation for the disbursement of the funds to Legislative Budget and Audit no later than September 1, 1987.

---

Senator John Binkley, Co-Chairman  
Senate Finance Committee

5/19/88  
B. Berrier

CS HB 126 (Fin)

1. Page 3, Line 20. This change postpones the local contribution for a newly incorporated municipality which is a school district (a borough or first class city) for a fiscal year after incorporation. The local tax mechanism operates in such a manner that tax revenues are not received during the first year of a municipalities existence.

2. Page 3, Lines 20, deletes the provision that interest earnings and other local revenue of an REAA are subject to regulation and disposition of the department leaving these revenues derived by the REAA under it's control.

3. Page 4, Lines 2-5. This changes the phase in of local contributions from a two year phase in commencing at two mills to a three year phase in commencing at one mill.

4. Page 4, Lines 15. The concept of "funding community" is central to the distribution of aid to education under this bill. The term does not exist in prior or current law nor has it been defined. There appears to be no objective definition which will cover all cases. The department apparently intends to designate funding communities by regulation. By so doing a process which requires public input is created instead of unbridled discretion which results from over general definition.

5. Page 5, Lines 12 - 17. This creates a separate table for districts which are a single funding community with under 525 ADM thereby removing the inequity partially to small city districts which otherwise exists.

6. Page 6, Line 3 and 4. This creates a base of three units for the smallest schools, under 15 ADM, and a fractional increase per ADM from 10 to 15 which has an ADM of 3. All schools have fixed costs regardless of size - such as utilities, insurance, fuel oil.

7. Page 7, Lines 27 - 29. While the degree of the language problem is the most significant factor in increased costs for bilingual education the sheer numbers involved also bear on the cost. This change adds a change in the minimum number of units allowed by increasing the minimum from 1 to 2 where more than 15 weighted ADM is involved to also reflect this. Since the factors are percentiles, 13 weighted ADM represents more than 15 students.

8. Page 9, Line 4 and page 9 - 29. This changes the area differential of Kuspuuk from 1.33 to 1.46 and that of Yukon/Koyukuk from 1.30 to 1.46

9. Page 10, Lines 25, through Page 6, Line 3. This allows a district to accumulate a fund balance for the amount the board determines will be needed for "unique circumstances" to remote school districts and defines unique circumstances, as the term is defined in current law. It includes matters such as small school populations and high travel and transportation costs. It is probably that the same result could be arrived at under the existing language by creative use of reserve accounts but this language both makes this use clear and presents limits.

10. Page 12, Line 9 and page 12, line 16. This extends the reporting time for student counts from two weeks to 30 days since some districts believe that this cannot reasonably be done in the shorter period.

11. Page 12, Line 27. This deletes the different base and reporting of centralized correspondence from that of the districts.

12. Page 15, Line 20 , through page 16, line 1. This allows contribution to teachers retirement to be made the year following the year in which the amount is determined. This allows the budget to be based on a known amount rather than a projection since contributions are actuarially adjusted during the year. This payment schedule would require an actuarial adjustment in retirement contributions from this districts and therefore does not involve costs to the state.

13. Page 16, Line 24. The two formulas in Sec. 24 (b) make transition allowances based on a percentage of state aid received in 1987 or on an amount which sums state local contributions but provides the district shall receive the lesser of these amounts. Since this is a "hold harmless" clause, its purpose of ameliorating sharp revenue declines from adoption of a system is better served if the greater of these is allowed so that a real, not imputed, hold harmless operates.

14. Page 18, Line 14 - 29. Costs of education differentials are now, and have been, based on data which has limited relevance to the differential. Costs of living indexes or other indexes are poor proxies for costs of education and salary differential as a proxy is a useful but obviously incomplete proxy. Several studies have been made which suggest the method by which an objective cost differential could be determined, and if the data necessary were collected by an objective agency such as the Department of Administration which is more equipped to do this than DOE the differentials could be set by the legislature based on information rather than incomplete data augmented by guesses. A reasonable schedule is detailed and required. Of these

requirements are not met, the foundation program is repeated as of July 1, 1988, which allows a full legislative session and entire funding process must be redeveloped.

15. Page 19, Line 5. This provides that the restrictions on fund balances in Sec.11 become effective at the beginning of the next fiscal year instead of the beginning of this fiscal year allowing a year transition.

# Alaska State Legislature



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BOX V  
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(907) 485-3727

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Representative Ronald L. Larson  
District 16B

## ANALYSIS GOVERNORS BILL FOR SCHOOL AID

HB 126  
SB 119

### State Aid:

- \* State supports minimum of 65% of basic need
- \* Equalizes over 35%
- \* Local effort required of C&B districts. Must provide equivalent of 4 mill contribution on full and true value of taxable real and personal property
- \* C&B may not contribute more than 5.5 mill equivalent. This prevents the loss of equity required to receive the federal funds, PL 874
- \* REAA's are funded at 100% of basic need
- \* C&B and REAA receive PL 874 directly. The state aid is reduced by 90% of the eligible PL 874 payment for both C&B and REAAs.
- \* C&B may count interest earnings, tuition etc toward local effort
- \* REAA are required to make no local effort. Earnings etc are subject to regulations of Department of Education.

### Instructional Units: (Value \$60,000)

- \* Units are calculated on a community/district basis
- \* Units are generated for elem/sec, spec. educ, vocational education and bilingual
- \* Units are calculated to reflected fractions, preventing one student from meaning the gain or loss of one unit.

### Area Cost Differential:

- \* Based on arbitration ruling related to study prepared for State of Alaska to look at salary differences in Alaska

Page two

Fund Balances:

- \* May not accumulate an unreserved balance in excess of 5% of expenditures for that fiscal year
- \* Department to deduct from following year's payment any amount in excess of 5%

Estimates/Counts/Payments:

- \* Estimates in September for the following fiscal year. Used to prepare State Budget.
- \* First 9 months payments are made to school districts based on 1/12 of the school districts prior year state aid entitlement.
- \* The last 3 months payments will reflect adjustments, if necessary
- \* Requires districts to operate with a balanced budget

Hold Harmless:

- \* Districts will receive the minimum of 90% of the previous years K-12 instructional units in computation for state aid.

Centralized Correspondence Study:

- \* Funded under the formula at 65% of basic need.

Transition:

- \* Phasing in without loss of more than 10% of FY87 level of funding in the first year, 20% in the second year and 30% in the third year. There are two tests applied:
  - (1) Total general revenue to total general revenue and
  - (2) State aid to state aid.

The lesser of the two is used.

- \* Establishes the basis for making the first 9 payments the first year of operation under this foundation formula.
- \* Provides basis for determining local effort the first year under this foundation formula

February 24, 1987

TABLE 3  
COMPARISON OF FY 88 STATE AID  
PROPOSED FOUNDATION LAW AND PL 874 CREDIT TOWARDS REQUIRED LOCAL EFFORT

	FY 88 BASIC NEED	35 % OF BASIC NEED	REQUIRED LOCAL EFFORT	PL-874 ELIGIBLE % PL-874 ELIGIBLE PERCENTAGE	PL-874 ASSUMING 75% APPLIED TO REQ. LOC. EFF.	75% SCENARIO		75% SCENARIO		DIFFERENCE STATE AID PL 374 DEDUCTION
						PL-874 DEDUCTION (90 % OF ELIGIBLE AMOUNT	PL-874 DEDUCTION (90 % OF ELIGIBLE AMOUNT	FY 88 PROPOSED STATE AID	FY 88 PROPOSED STATE AID	
ADAK	3,988,200	1,395,870	0	100.00%	100.00%	1,792,633	1,792,633	2,195,967	2,193,042	(2,525)
ALASKA GATEWAY	4,849,800	1,697,430	0	100.00%	100.00%	626,475	626,475	4,223,325	4,220,254	(3,272)
ALEUTIAN CHAIN	1,594,800	558,180	0	100.00%	100.00%	294,602	294,602	1,300,198	1,299,188	(1,010)
ANCHORAGE	184,731,600	64,656,060	64,656,060	90.03%	89.94%	254,289	254,035	119,821,251	119,745,457	(75,794)
ANNETTE ISLAND	2,480,600	861,210	0	100.00%	100.00%	1,406,836	1,406,836	1,053,764	1,052,206	(1,558)
BERING STRAIT	14,747,400	5,161,590	0	100.00%	100.00%	4,199,309	4,199,309	10,548,091	10,538,751	(9,340)
BRISTOL BAY	2,104,800	736,680	406,164	100.00%	100.00%	258,914	258,914	1,439,722	1,438,389	(1,333)
CHATHAM	2,745,600	960,960	0	100.00%	100.00%	782,848	782,848	1,962,752	1,961,013	(1,739)
CHUGACH	1,501,400	560,490	0	100.00%	100.00%	182,156	182,156	1,419,245	1,418,230	(1,015)
COPPER RIVER	4,761,000	1,666,350	0	100.00%	100.00%	397,942	397,942	4,363,058	4,360,042	(3,016)
CORDOVA	2,637,000	922,950	495,929	72.73%	72.07%	13,925	13,800	2,127,146	2,125,601	(1,545)
CRAIG	1,406,400	492,240	149,219	100.00%	100.00%	24,325	24,325	1,232,856	1,231,965	(891)
DELTA-GREELY	5,884,200	2,059,470	0	100.00%	100.00%	1,042,286	1,042,286	4,841,914	4,838,187	(3,727)
DILLINGHAM	3,266,400	1,143,240	430,063	100.00%	100.00%	298,915	298,915	2,537,422	2,535,354	(2,069)
FAIRBANKS	65,413,800	22,894,830	18,907,656	72.73%	72.73%	0	0	46,506,144	46,464,716	(41,429)
GALENA	1,529,400	535,290	80,428	91.16%	100.00%	443,016	485,960	1,005,957	962,043	(43,913)
HAINES	2,388,600	836,010	390,486	97.26%	97.05%	34,061	33,986	1,964,052	1,962,614	(1,438)
HOONAH	1,603,800	561,330	116,950	100.00%	100.00%	190,808	190,808	1,296,042	1,295,026	(1,016)
HYDABURG	999,000	349,650	53,671	100.00%	100.00%	0	0	945,329	944,696	(633)
IDITAROD	4,852,800	1,698,480	0	100.00%	100.00%	849,587	849,587	4,003,213	4,000,139	(3,073)
JUNEAU	20,752,200	7,263,270	6,755,969	73.00%	72.93%	20,603	20,583	13,975,628	13,962,504	(13,124)
KAKE	1,334,400	467,040	48,754	72.73%	100.00%	267,513	367,829	1,018,134	916,972	(101,161)
KASHUNAMIUT	1,903,200	666,120	0	100.00%	100.00%	498,907	498,907	1,404,293	1,403,088	(1,205)
KENAI	44,725,800	15,654,030	15,621,367	85.37%	85.28%	112,953	112,836	28,991,480	28,963,271	(28,209)
KETCHIKAN	11,886,000	4,160,100	3,617,536	72.73%	72.69%	5,272	5,270	8,263,191	8,255,866	(7,325)
KING COVE	1,395,000	488,250	97,566	100.00%	100.00%	138,005	138,005	1,159,430	1,158,546	(884)
KLADOCK	1,276,200	446,670	23,364	79.40%	100.00%	210,200	264,752	1,042,635	987,275	(55,360)
KODIAK	14,785,800	5,175,030	2,209,790	100.00%	100.00%	137,297	137,297	12,438,714	12,429,349	(9,364)
KUSPIK	4,660,200	1,631,070	0	100.00%	100.00%	1,212,998	1,212,998	3,447,203	3,444,251	(2,951)
LAKE & PENINSULA	5,199,600	1,819,860	0	100.00%	100.00%	1,036,848	1,036,848	4,162,752	4,159,459	(3,293)
LOWER KUSKOKWIM	31,065,000	10,872,750	0	100.00%	100.00%	5,930,988	5,930,988	25,134,012	25,114,337	(19,675)
LOWER YUKON	13,731,800	4,806,060	0	100.00%	100.00%	4,633,701	4,633,701	9,097,899	9,089,202	(8,697)
MAT-SU	42,981,200	15,036,420	10,867,024	72.73%	72.69%	18,221	18,211	32,075,956	32,048,757	(27,199)
NEKANA	1,732,200	606,270	72,398	100.00%	100.00%	4,884	4,884	1,654,918	1,653,821	(1,097)
NOPE	5,167,200	1,808,520	606,540	100.00%	100.00%	73,912	73,912	4,486,748	4,483,476	(3,273)
NORTH SLOPE	11,634,000	4,071,900	4,071,900	29.16%	10.05%	1,037,151	357,495	6,524,949	7,199,816	674,867
NORTHWEST ARCTIC	16,237,800	5,683,230	940,181	100.00%	100.00%	3,018,789	3,018,789	12,278,830	12,268,546	(10,284)
PELICAN	645,600	225,960	59,950	100.00%	100.00%	0	0	585,650	585,242	(409)
PETERSBURG	3,238,200	1,133,370	541,422	79.58%	79.39%	6,094	6,079	2,690,685	2,688,649	(2,036)
PRIBILOF	1,789,800	626,430	0	100.00%	100.00%	602,752	602,752	1,187,048	1,185,915	(1,134)
RAILBELT	3,079,800	1,077,930	0	100.00%	100.00%	0	0	3,079,800	3,077,849	(1,951)
SAND POINT	1,335,600	467,460	298,564	100.00%	100.00%	0	0	1,037,035	1,036,190	(845)
SITKA	8,038,800	2,813,580	1,764,700	72.73%	71.68%	78,602	77,465	6,195,498	6,191,543	(3,955)
SKAGWAY	1,075,200	376,320	236,146	100.00%	100.00%	0	0	839,054	838,373	(681)
SOUTHEAST ISLANDS	4,594,800	1,608,180	0	100.00%	100.00%	764,212	764,212	3,830,588	3,827,678	(2,910)
SOUTHWEST	6,187,800	2,165,730	0	100.00%	100.00%	1,645,217	1,645,217	4,542,583	4,538,664	(3,919)
ST. MARYS	1,360,800	476,280	17,805	72.73%	100.00%	255,748	351,660	1,087,247	990,474	(96,773)
TANANA	1,105,200	386,620	47,021	89.82%	100.00%	186,392	207,518	871,787	849,962	(21,825)
UNALASKA	1,556,400	544,740	382,258	100.00%	100.00%	168,433	168,433	1,005,793	1,004,723	(969)
VALDEZ	5,650,800	1,977,780	1,977,780	44.27%	44.00%	10,080	10,019	3,662,940	3,660,675	(2,265)
WRANGELL	2,784,600	974,610	434,682	76.37%	76.30%	1,573	1,572	2,348,345	2,346,583	(1,762)
YAKUTAT	1,167,000	408,450	72,547	100.00%	100.00%	56,387	56,386	1,038,067	1,037,328	(739)
YUKON FLATS	5,536,200	1,937,670	0	100.00%	100.00%	703,867	703,867	4,832,333	4,828,827	(3,506)
YUKON KODYUK	6,682,200	2,338,770	0	100.00%	100.00%	1,454,300	1,454,300	5,227,900	5,223,668	(4,232)
YUPIIT	3,549,600	1,242,360	0	100.00%	100.00%	1,043,126	1,043,126	2,506,474	2,504,226	(2,248)
	603,392,400	211,187,340	136,451,888			38,427,951	38,061,328	428,512,561	428,541,916	29,255

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	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	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$5,046,600	\$0	\$626,551	\$4,420,049	\$60,000	\$0	\$7,449	\$52,551
ALEUTIAN REGION	\$1,786,800	\$0	\$294,651	\$1,492,149	\$60,000	\$0	\$9,894	\$50,106
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,028	\$119,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,580,600	\$0	\$1,406,836	\$1,173,764	\$60,000	\$0	\$32,710	\$27,290
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,889,600	\$0	\$782,972	\$2,106,628	\$60,000	\$0	\$16,258	\$43,742
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,957,800	\$0	\$398,113	\$4,559,687	\$60,000	\$0	\$4,818	\$55,182
CORDOVA	\$2,686,800	\$495,929	\$15,603	\$2,175,268	\$60,000	\$11,075	\$348	\$48,577
CRAIG	\$1,541,400	\$149,219	\$32,973	\$1,359,208	\$60,000	\$5,808	\$1,283	\$52,908
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,399,600	\$430,063	\$354,651	\$2,614,886	\$60,000	\$7,590	\$6,259	\$46,150
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,646,400	\$80,428	\$443,016	\$1,122,956	\$60,000	\$2,931	\$16,145	\$40,924
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,746,600	\$116,950	\$190,808	\$1,438,842	\$60,000	\$4,018	\$6,555	\$49,428
HYDABURG	\$1,152,600	\$53,671	\$0	\$1,098,929	\$60,000	\$2,794	\$0	\$57,206
IDITAROD	\$5,172,000	\$0	\$849,651	\$4,322,349	\$60,000	\$0	\$9,857	\$50,143
JUNEAU	\$20,797,200	\$6,755,969	\$26,897	\$14,014,334	\$60,000	\$19,491	\$78	\$40,431
KAKE	\$1,467,000	\$48,754	\$209,395	\$1,208,851	\$60,000	\$1,994	\$8,564	\$49,442
KASHUNAMIUT	\$2,067,000	\$0	\$498,907	\$1,568,093	\$60,000	\$0	\$14,482	\$45,518
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,528,200	\$97,566	\$138,006	\$1,292,628	\$60,000	\$3,831	\$5,418	\$50,751
KLAWOCK	\$1,407,000	\$23,364	\$210,198	\$1,173,438	\$60,000	\$996	\$8,964	\$50,040
KODIAK	\$14,788,800	\$2,209,790	\$146,749	\$12,432,261	\$60,000	\$8,965	\$595	\$50,439
KUSPUK	\$5,364,600	\$0	\$1,213,011	\$4,151,589	\$60,000	\$0	\$13,567	\$46,433
LAKE & PENINSULA	\$5,835,000	\$0	\$1,036,848	\$4,798,152	\$60,000	\$0	\$10,662	\$49,338
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$43,027,200	\$10,867,024	\$19,026	\$32,141,150	\$60,000	\$15,154	\$27	\$44,820
NENANA	\$1,840,200	\$72,398	\$6,566	\$1,761,236	\$60,000	\$2,361	\$214	\$57,425
NOME	\$5,247,600	\$606,540	\$82,724	\$4,558,336	\$60,000	\$6,935	\$966	\$52,119
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
FELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,910,400	\$0	\$602,751	\$1,307,649	\$60,000	\$0	\$18,931	\$41,069
RAILBELT	\$3,231,000	\$0	\$116,468	\$3,114,532	\$60,000	\$0	\$2,163	\$57,837
SAND POINT	\$1,469,400	\$298,564	\$0	\$1,170,836	\$60,000	\$12,191	\$0	\$47,809
SITKA	\$8,098,800	\$1,764,700	\$84,012	\$6,250,088	\$60,000	\$13,074	\$622	\$46,304
SKAGWAY	\$1,185,600	\$236,146	\$0	\$949,454	\$60,000	\$11,951	\$0	\$48,049
SOUTHEAST ISLAND	\$5,040,600	\$0	\$764,757	\$4,275,843	\$60,000	\$0	\$9,103	\$50,897
SOUTHWEST REGION	\$6,493,200	\$0	\$1,742,370	\$4,750,830	\$60,000	\$0	\$16,100	\$43,900
ST. MARY'S	\$1,497,000	\$17,805	\$62,613	\$1,416,582	\$60,000	\$714	\$2,510	\$56,777
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,670,400	\$382,258	\$154,473	\$1,133,669	\$60,000	\$13,731	\$5,549	\$40,721
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,829,600	\$434,682	\$2,037	\$2,392,881	\$60,000	\$9,217	\$43	\$50,740
YAKUTAT	\$1,313,400	\$72,547	\$56,386	\$1,194,467	\$60,000	\$3,314	\$2,576	\$54,110
YUKON FLATS	\$5,919,600	\$0	\$703,866	\$5,215,734	\$60,000	\$0	\$7,134	\$52,866
YUKON-KOYUKUK	\$7,592,400	\$0	\$1,484,468	\$6,107,932	\$60,000	\$0	\$11,731	\$48,269
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

TOTALS	\$611,765,400	\$135,935,290	\$38,734,385	\$437,095,725	AVERAGE	\$13,332.1	\$3,798.9	\$42,869.0
					PERCENTAGE	22.2%	6.3%	71.4%

STATE CORR STUDY -----))) \$2,225,340  
VALDEZ CONTRACT -----))) \$600,000  
HOLD HARMLESS -----))) \$2,599,547  
=====

+ 5,320.00

TOTAL STATE AID -----))) \$42,520,612

SCHOOL DISTRICT	FY87 BUDGETED LOCAL REVENUES	ONE HUNDRED PERCENT ASSESSED VALUE	COLUMN B AT 1 MILLS	AMOUNT REQUIRED TO REACH 4 MILLS	AMOUNT REQUIRED TO REACH 1 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	\$71,812,314	\$19,343,356,800	\$19,343,357	\$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	\$101,541	\$303,632	\$0	\$303,632	\$28,806	\$274,826
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	\$123,982	\$0	\$0	\$0	\$0	\$0
CRAIG	\$28,735	\$37,304,700	\$37,305	\$120,484	\$8,570	\$111,914	\$3,664	\$108,250
DELTA GREELY	\$103,454		\$0	\$0	\$0	\$0	\$0	\$0
DILLINGHAM	\$195,000	\$107,515,700	\$107,516	\$235,063	\$0	\$235,063	\$39,406	\$195,657
FAIRBANKS	\$26,049,962	\$4,726,913,900	\$4,726,914	\$0	\$0	\$0	\$0	\$0
GALENA	\$88,224	\$20,106,900	\$20,107	\$0	\$0	\$0	\$0	\$0
HAINES	\$401,474	\$97,621,600	\$97,622	\$0	\$0	\$0	\$0	\$0
HOONAH	\$96,775	\$29,257,500	\$29,238	\$22,175	\$0	\$22,175	\$21,201	\$974
HYDABURG	\$2,200	\$13,417,800	\$13,418	\$51,471	\$11,218	\$40,253	\$0	\$40,253
IDITAROD	\$135,000		\$0	\$0	\$0	\$0	\$0	\$0
JUNEAU	\$9,255,132	\$1,688,992,300	\$1,688,992	\$0	\$0	\$0	\$0	\$0
KAKE	\$85,703	\$12,188,400	\$12,188	\$0	\$0	\$0	\$0	\$0
KASHUNAMIUT	\$0		\$0	\$0	\$0	\$0	\$0	\$0
KENAI	\$18,298,125	\$3,905,341,700	\$3,905,342	\$0	\$0	\$0	\$0	\$0
KETCHIKAN	\$5,472,063	\$904,384,100	\$904,384	\$0	\$0	\$0	\$0	\$0
KING COVE	\$13,000	\$24,391,400	\$24,391	\$84,566	\$11,391	\$73,175	\$15,334	\$57,841
KLAWOCK	\$29,428	\$5,841,100	\$5,841	\$0	\$0	\$0	\$0	\$0
KODIAK	\$2,193,596	\$552,447,400	\$552,447	\$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
LOWER KUSKOKWIM	\$395,598		\$0	\$0	\$0	\$0	\$0	\$0
LOWER YUKON	\$600,000		\$0	\$0	\$0	\$0	\$0	\$0
MAT-SU	\$19,147,502	\$2,716,755,900	\$2,716,756	\$0	\$0	\$0	\$0	\$0
NEENANA	\$48,001	\$18,099,500	\$18,100	\$24,397	\$0	\$24,397	\$730	\$23,667
NOME	\$299,655	\$151,635,000	\$151,635	\$306,885	\$0	\$306,885	\$9,192	\$297,693
NORTH SLOPE	\$13,962,700	\$13,570,786,300	\$13,570,786	\$0	\$0	\$0	\$0	\$0
NORTHWEST ARCTIC	\$210,000	\$235,045,250	\$235,045	\$730,181	\$25,045	\$705,136	\$335,613	\$369,523
PELICAN	\$24,126	\$14,987,400	\$14,987	\$35,824	\$0	\$35,824	\$0	\$35,824
PETERSBURG	\$680,323	\$135,355,400	\$135,355	\$0	\$0	\$0	\$0	\$0
FRIBILOF	\$20,000		\$0	\$0	\$0	\$0	\$0	\$0
RAILBELT	\$50,000		\$0	\$0	\$0	\$0	\$0	\$0
SAND POINT	\$105,509	\$74,641,100	\$74,641	\$193,055	\$0	\$193,055	\$0	\$193,055
SITKA	\$3,066,801	\$441,175,000	\$441,175	\$0	\$0	\$0	\$0	\$0
SKAGWAY	\$71,000	\$59,036,600	\$59,037	\$165,146	\$0	\$165,146	\$0	\$165,146
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	\$4,451,200	\$4,451	\$0	\$0	\$0	\$0	\$0
TANANA	\$52,350	\$11,755,200	\$11,755	\$0	\$0	\$0	\$0	\$0
UNALASKA	\$122,000	\$95,564,500	\$95,565	\$260,258	\$0	\$260,258	\$17,164	\$243,094
VALDEZ	\$4,468,037	\$1,693,326,700	\$1,693,327	\$0	\$0	\$0	\$0	\$0
WRANGELL	\$569,192	\$108,670,500	\$108,671	\$0	\$0	\$0	\$0	\$0
YAKUTAT	\$55,277	\$18,136,700	\$18,137	\$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	\$51,044,008	\$2,566,601	\$56,224	\$2,510,377	\$493,680	\$2,016,808

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

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	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	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$4,975,200	\$0	\$626,551	\$4,348,649	\$60,000	\$0	\$7,556	\$52,444
ALEUTIAN REGION	\$1,786,800	\$0	\$294,651	\$1,492,149	\$60,000	\$0	\$9,894	\$50,106
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,928	\$113,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,534,400	\$0	\$1,406,836	\$1,127,564	\$60,000	\$0	\$33,306	\$26,694
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,889,600	\$0	\$782,972	\$2,106,628	\$60,000	\$0	\$16,258	\$43,742
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,957,800	\$0	\$398,113	\$4,559,687	\$60,000	\$0	\$4,818	\$55,182
CORDOVA	\$2,637,000	\$495,929	\$15,603	\$2,125,468	\$60,000	\$11,284	\$355	\$48,361
CRAIG	\$1,448,400	\$149,219	\$32,973	\$1,266,208	\$60,000	\$6,181	\$1,366	\$52,453
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,266,400	\$430,063	\$354,651	\$2,481,686	\$60,000	\$7,900	\$6,515	\$45,586
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,529,400	\$80,428	\$443,016	\$1,005,956	\$60,000	\$3,155	\$17,380	\$39,465
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,649,400	\$116,950	\$190,808	\$1,341,642	\$60,000	\$4,254	\$6,941	\$48,805
HYDABURG	\$1,029,000	\$53,671	\$0	\$975,329	\$60,000	\$3,130	\$0	\$56,870
IDITAROD	\$5,092,200	\$0	\$849,651	\$4,242,549	\$60,000	\$0	\$10,011	\$49,989
JUNEAU	\$20,752,200	\$6,755,969	\$26,897	\$13,969,334	\$60,000	\$19,533	\$78	\$40,389
KAKE	\$1,374,000	\$48,754	\$209,395	\$1,115,851	\$60,000	\$2,129	\$9,144	\$48,727
KASHUNAMIUT	\$1,947,000	\$0	\$498,907	\$1,448,093	\$60,000	\$0	\$15,375	\$44,625
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,395,000	\$97,566	\$138,006	\$1,159,428	\$60,000	\$4,196	\$5,936	\$49,868
KLAWOCK	\$1,314,600	\$23,364	\$210,198	\$1,081,038	\$60,000	\$1,066	\$9,594	\$49,340
KODIAK	\$14,785,800	\$2,209,790	\$146,749	\$12,429,261	\$60,000	\$8,967	\$595	\$50,437
KUSLUK	\$4,847,400	\$0	\$1,213,011	\$3,634,389	\$60,000	\$0	\$15,014	\$44,986
LAKE & PENINSULA	\$5,756,400	\$0	\$1,036,848	\$4,719,552	\$60,000	\$0	\$1,807	\$49,193
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$42,973,200	\$10,867,024	\$19,026	\$32,087,150	\$60,000	\$15,173	\$27	\$44,801
MENANA	\$1,732,200	\$72,398	\$6,566	\$1,653,236	\$60,000	\$2,508	\$227	\$57,265
NOME	\$5,167,200	\$606,540	\$82,724	\$4,477,936	\$60,000	\$7,043	\$961	\$51,996
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,670	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,832,400	\$0	\$602,751	\$1,229,649	\$60,000	\$0	\$19,736	\$40,264
RAILBELT	\$3,231,000	\$0	\$116,468	\$3,114,532	\$60,000	\$0	\$2,163	\$57,837
SAND POINT	\$1,335,600	\$298,564	\$0	\$1,037,036	\$60,000	\$13,413	\$0	\$46,587
SITKA	\$8,038,800	\$1,764,700	\$84,012	\$6,190,088	\$60,000	\$13,171	\$627	\$46,202
SKAGWAY	\$1,075,200	\$236,146	\$0	\$839,054	\$60,000	\$13,178	\$0	\$46,822
SOUTHEAST ISLAND	\$5,040,600	\$0	\$764,757	\$4,275,843	\$60,000	\$0	\$9,103	\$50,897
SOUTHWEST REGION	\$6,493,200	\$0	\$1,742,370	\$4,750,830	\$60,000	\$0	\$16,100	\$43,900
ST. MARY'S	\$1,360,800	\$17,805	\$62,613	\$1,280,382	\$60,000	\$785	\$2,761	\$56,454
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,556,400	\$382,258	\$154,473	\$1,019,669	\$60,000	\$14,736	\$5,955	\$39,309
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,784,600	\$434,682	\$2,037	\$2,347,881	\$60,000	\$9,366	\$44	\$50,590
YAKUTAT	\$1,200,000	\$72,547	\$56,386	\$1,071,067	\$60,000	\$3,627	\$2,819	\$53,553
YUKON FLATS	\$5,832,000	\$0	\$703,866	\$5,128,134	\$60,000	\$0	\$7,241	\$52,759
YUKON-KOYUKUK	\$6,888,000	\$0	\$1,484,468	\$5,403,532	\$60,000	\$0	\$12,931	\$47,069
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

TOTALS	\$608,046,600	\$135,935,290	\$38,734,385	\$433,376,925	STATEWIDE AVERAGE PERCENTAGE	\$13,413.6	\$3,822.2	\$42,764.2
						22.4%	6.4%	71.3%

STATE CORR STUDY -----))) \$2,225,340  
 VALDEZ CONTRACT -----))) \$600,000  
 HOLD HARMLESS -----))) \$2,322,689  
 =====  
 TOTAL STATE AID -----))) \$478,584,354

11390.0

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	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	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$4,975,200	\$0	\$626,551	\$4,348,649	\$60,000	\$0	\$7,556	\$52,444
ALEUTIAN REGION	\$1,645,200	\$0	\$294,651	\$1,350,549	\$60,000	\$0	\$10,746	\$49,254
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,028	\$119,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,580,600	\$0	\$1,406,836	\$1,173,764	\$60,000	\$0	\$32,710	\$27,290
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,827,800	\$0	\$782,972	\$2,044,828	\$60,000	\$0	\$16,613	\$43,387
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,889,400	\$0	\$398,113	\$4,491,287	\$60,000	\$0	\$4,885	\$55,115
CORDOVA	\$2,686,800	\$495,929	\$15,603	\$2,175,268	\$60,000	\$11,075	\$348	\$48,577
CRAIG	\$1,541,400	\$149,219	\$32,973	\$1,359,208	\$60,000	\$5,808	\$1,283	\$52,908
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,323,400	\$430,063	\$354,651	\$2,538,686	\$60,000	\$7,764	\$6,403	\$45,833
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,646,400	\$80,428	\$443,016	\$1,122,956	\$60,000	\$2,931	\$16,145	\$40,924
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,746,600	\$116,950	\$190,808	\$1,438,842	\$60,000	\$4,018	\$6,555	\$49,428
HYDABURG	\$1,152,600	\$53,671	\$0	\$1,098,929	\$60,000	\$2,794	\$0	\$57,206
IDITAROD	\$4,964,400	\$0	\$849,651	\$4,114,749	\$60,000	\$0	\$10,269	\$49,731
JUNEAU	\$20,752,200	\$6,755,969	\$26,897	\$13,969,334	\$60,000	\$19,533	\$78	\$40,389
KAKE	\$1,467,000	\$48,754	\$209,395	\$1,208,851	\$60,000	\$1,994	\$8,564	\$49,442
KASHUNAMIUT	\$2,067,000	\$0	\$498,907	\$1,568,093	\$60,000	\$0	\$14,482	\$45,518
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,528,200	\$97,566	\$138,006	\$1,292,628	\$60,000	\$3,831	\$5,418	\$50,751
KLAWOCK	\$1,407,000	\$23,364	\$210,198	\$1,173,438	\$60,000	\$996	\$8,964	\$50,040
KODIAK	\$14,785,800	\$2,209,790	\$146,749	\$12,429,261	\$60,000	\$8,967	\$595	\$50,437
KUSPUK	\$4,767,600	\$0	\$1,213,011	\$3,554,589	\$60,000	\$0	\$15,266	\$44,734
LAKE & PENINSULA	\$5,363,400	\$0	\$1,036,848	\$4,326,552	\$60,000	\$0	\$11,599	\$48,401
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$42,961,200	\$10,867,024	\$19,026	\$32,075,150	\$60,000	\$15,177	\$27	\$44,796
NENANA	\$1,840,200	\$72,398	\$6,566	\$1,761,236	\$60,000	\$2,361	\$214	\$57,425
NOME	\$5,167,200	\$606,540	\$82,724	\$4,477,936	\$60,000	\$7,043	\$961	\$51,996
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIIBILOF	\$1,832,400	\$0	\$602,751	\$1,229,649	\$60,000	\$0	\$19,736	\$40,264
RAILBELT	\$3,157,200	\$0	\$116,468	\$3,040,732	\$60,000	\$0	\$2,213	\$57,787
SAND POINT	\$1,469,400	\$298,564	\$0	\$1,170,836	\$60,000	\$12,191	\$0	\$47,809
SITKA	\$8,038,800	\$1,764,700	\$84,012	\$6,190,088	\$60,000	\$13,171	\$627	\$46,202
SKAGWAY	\$1,185,600	\$236,146	\$0	\$949,454	\$60,000	\$11,951	\$0	\$48,049
SOUTHEAST ISLAND	\$4,778,400	\$0	\$764,757	\$4,013,643	\$60,000	\$0	\$9,603	\$50,397
SOUTHWEST REGION	\$6,382,800	\$0	\$1,742,370	\$4,640,430	\$60,000	\$0	\$16,379	\$43,621
ST. MARY'S	\$1,497,000	\$17,805	\$62,613	\$1,416,582	\$60,000	\$714	\$2,510	\$56,777
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,670,400	\$382,258	\$154,473	\$1,133,669	\$60,000	\$13,731	\$5,549	\$40,721
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,829,600	\$434,682	\$2,037	\$2,392,881	\$60,000	\$9,217	\$43	\$50,740
YAKUTAT	\$1,313,400	\$72,547	\$56,396	\$1,184,407	\$60,000	\$3,314	\$2,576	\$54,110
YUKON FLATS	\$5,692,200	\$0	\$703,866	\$4,988,334	\$60,000	\$0	\$7,419	\$52,581
YUKON-KOYUKUK	\$6,888,000	\$0	\$1,484,468	\$5,403,532	\$60,000	\$0	\$12,931	\$47,069
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

TOTALS	\$608,359,200	\$135,935,290	\$38,734,385	\$433,689,525	AVERAGE	\$13,406.7	\$3,820.2	\$42,773.0
					PERCENTAGE	22.3%	6.4%	71.3%

STATE CORR STUDY -----))) \$2,225,340  
 VALDEZ CONTRACT -----))) \$600,000  
 HOLD HARMLESS -----))) \$2,064,376  
 =====  
 TOTAL STATE AID -----))) \$4,389,716

385.0

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	REQUIRED LOCAL EFFORT	DEDUCTIBLE PL874	FY88 PROPOSED STATE AID	PER UNIT	EFFORT PER UNIT	DEDUCTIBLE PER UNIT	STATE AID PER UNIT
ADAK	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$5,046,600	\$0	\$626,551	\$4,420,049	\$60,000	\$0	\$7,449	\$52,551
ALEUTIAN REGION	\$1,645,200	\$0	\$294,651	\$1,350,549	\$60,000	\$0	\$10,746	\$49,254
ANCHORAGE	\$186,731,600	\$64,656,060	\$330,028	\$119,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,534,400	\$0	\$1,406,836	\$1,127,564	\$60,000	\$0	\$33,306	\$26,694
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,827,800	\$0	\$782,972	\$2,044,828	\$60,000	\$0	\$16,613	\$43,387
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,889,400	\$0	\$398,113	\$4,491,287	\$60,000	\$0	\$4,885	\$55,115
CORDOVA	\$2,637,000	\$495,929	\$15,603	\$2,125,468	\$60,000	\$11,284	\$355	\$48,361
CRAIG	\$1,448,400	\$149,219	\$32,973	\$1,266,208	\$60,000	\$6,181	\$1,366	\$52,453
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,342,600	\$430,063	\$354,651	\$2,557,886	\$60,000	\$7,720	\$6,366	\$45,914
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,529,400	\$80,428	\$443,016	\$1,005,956	\$60,000	\$3,155	\$17,380	\$39,465
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,649,400	\$116,950	\$190,808	\$1,341,642	\$60,000	\$4,254	\$6,961	\$48,805
HYDABURG	\$1,029,000	\$53,671	\$0	\$975,329	\$60,000	\$3,130	\$0	\$56,870
IDITAROD	\$5,044,200	\$0	\$849,651	\$4,194,549	\$60,000	\$0	\$10,106	\$49,894
JURNEAU	\$20,797,200	\$6,755,969	\$26,897	\$14,014,334	\$60,000	\$19,491	\$78	\$40,431
KAKE	\$1,374,000	\$48,754	\$209,395	\$1,115,851	\$60,000	\$2,129	\$9,144	\$48,727
KASHUNAMIUT	\$1,947,000	\$0	\$498,907	\$1,448,093	\$60,000	\$0	\$15,375	\$44,625
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,395,000	\$97,566	\$138,006	\$1,159,428	\$60,000	\$4,196	\$5,936	\$49,868
KLAWOCK	\$1,314,600	\$23,364	\$210,198	\$1,081,038	\$60,000	\$1,066	\$9,594	\$49,340
KODIAK	\$14,788,800	\$2,209,790	\$146,749	\$12,432,261	\$60,000	\$8,965	\$595	\$50,439
KUSPUK	\$4,807,200	\$0	\$1,213,011	\$3,594,189	\$60,000	\$0	\$15,160	\$44,860
LAKE & PENINSULA	\$5,442,000	\$0	\$1,036,848	\$4,405,152	\$60,000	\$0	\$11,432	\$48,568
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$43,015,200	\$10,867,024	\$19,026	\$32,129,150	\$60,000	\$15,158	\$27	\$44,816
NENANA	\$1,732,200	\$72,398	\$6,566	\$1,653,236	\$60,000	\$2,508	\$227	\$57,265
NOME	\$5,247,600	\$606,540	\$82,724	\$4,558,336	\$60,000	\$6,935	\$946	\$52,119
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,910,400	\$0	\$602,751	\$1,307,649	\$60,000	\$0	\$18,931	\$41,069
RAILBELT	\$3,157,200	\$0	\$116,468	\$3,040,732	\$60,000	\$0	\$2,213	\$57,787
SAND POINT	\$1,335,600	\$298,564	\$0	\$1,037,036	\$60,000	\$13,413	\$0	\$46,587
SITKA	\$8,098,800	\$1,764,700	\$84,012	\$6,250,088	\$60,000	\$13,074	\$622	\$46,304
SKAGWAY	\$1,075,200	\$236,146	\$0	\$839,054	\$60,000	\$13,178	\$0	\$46,822
SOUTHEAST ISLAND	\$4,778,400	\$0	\$764,757	\$4,013,643	\$60,000	\$0	\$9,603	\$50,397
SOUTHWEST REGION	\$6,382,800	\$0	\$1,742,370	\$4,640,430	\$60,000	\$0	\$16,379	\$43,621
ST. MARY'S	\$1,360,800	\$17,805	\$62,613	\$1,280,382	\$60,000	\$785	\$2,761	\$56,454
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,556,400	\$382,258	\$154,473	\$1,019,669	\$60,000	\$14,736	\$5,955	\$39,309
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,784,600	\$434,682	\$2,037	\$2,347,881	\$60,000	\$9,366	\$44	\$50,590
YAKUTAT	\$1,200,000	\$72,547	\$56,386	\$1,071,067	\$60,000	\$3,627	\$2,819	\$53,553
YUKON FLATS	\$5,779,800	\$0	\$703,866	\$5,075,934	\$60,000	\$0	\$7,307	\$52,693
YUKON-KOYUKUK	\$6,968,400	\$0	\$1,434,468	\$5,483,932	\$60,000	\$0	\$12,782	\$47,218
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

TOTALS	\$607,410,000	\$135,935,290	\$38,734,385	\$432,740,325	STATEWIDE			
					AVERAGE	\$13,427.7	\$3,826.2	\$42,746.1
					PERCENTAGE	22.4%	6.4%	71.2%

STATE CORR STUDY ----->>> \$2,225,340  
 VALDEZ CONTRACT ----->>> \$600,000  
 HOLD HARMLESS ----->>> \$2,346,689  
 =====  
 TOTAL STATE AID ----->>> \$437,912,354

718.2

SCHOOL DISTRICT	FY88 PROJECTED	REQUIRED	DEDUCTIBLE	FY88 PROPOSED STATE AID	BASIC NEED	REQ. LOCAL	PL874	FY 88
	BASIC NEED \$60,000	LOCAL EFFORT	PL874		PER UNIT	EFFORT PER UNIT	DEDUCTIBLE PER UNIT	STATE AID PER UNIT
ADAK	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$4,975,200	\$0	\$626,551	\$4,348,649	\$60,000	\$0	\$7,556	\$52,444
ALEUTIAN REGION	\$1,645,200	\$0	\$294,651	\$1,350,549	\$60,000	\$0	\$10,746	\$49,254
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,028	\$119,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,534,400	\$0	\$1,406,836	\$1,127,564	\$60,000	\$0	\$33,306	\$26,694
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,639,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,827,800	\$0	\$782,972	\$2,044,828	\$60,000	\$0	\$16,613	\$43,387
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,889,400	\$0	\$398,113	\$4,491,287	\$60,000	\$0	\$4,885	\$55,115
CORDOVA	\$2,637,000	\$495,929	\$15,603	\$2,125,468	\$60,000	\$11,284	\$355	\$48,361
CRAIG	\$1,448,400	\$149,219	\$32,973	\$1,266,208	\$60,000	\$6,181	\$1,366	\$52,453
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,266,400	\$430,063	\$354,651	\$2,481,686	\$60,000	\$7,900	\$6,515	\$45,586
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,529,400	\$80,428	\$443,016	\$1,005,956	\$60,000	\$3,155	\$17,380	\$39,465
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,649,400	\$116,950	\$190,808	\$1,341,642	\$60,000	\$4,254	\$6,941	\$48,805
HYDABURG	\$1,029,000	\$53,671	\$0	\$975,329	\$60,000	\$3,130	\$0	\$56,870
IDITAROD	\$4,964,400	\$0	\$849,651	\$4,114,749	\$60,000	\$0	\$10,269	\$49,731
JUNEAU	\$20,752,200	\$6,755,969	\$26,897	\$13,969,334	\$60,000	\$19,533	\$78	\$40,389
KAKE	\$1,374,000	\$48,754	\$209,395	\$1,115,851	\$60,000	\$2,129	\$9,144	\$48,727
KASHUNAMIUT	\$1,947,000	\$0	\$498,907	\$1,448,093	\$60,000	\$0	\$15,375	\$44,625
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,395,000	\$97,566	\$138,006	\$1,159,428	\$60,000	\$4,196	\$5,936	\$49,868
KLAWOCK	\$1,314,600	\$23,364	\$210,198	\$1,081,038	\$60,000	\$1,066	\$9,594	\$49,340
KODIAK	\$14,785,800	\$2,209,790	\$146,749	\$12,429,261	\$60,000	\$8,967	\$595	\$50,437
KUSPUK	\$4,767,600	\$0	\$1,213,011	\$3,554,589	\$60,000	\$0	\$15,266	\$44,734
LAKE & PENINSULA	\$5,363,400	\$0	\$1,036,848	\$4,326,552	\$60,000	\$0	\$11,599	\$48,401
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$42,961,200	\$10,867,024	\$19,026	\$32,075,150	\$60,000	\$15,177	\$27	\$44,796
NENANA	\$1,732,200	\$72,398	\$6,566	\$1,653,236	\$60,000	\$2,508	\$227	\$57,265
NOME	\$5,167,200	\$606,540	\$82,724	\$4,477,936	\$60,000	\$7,043	\$961	\$51,996
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,832,400	\$0	\$602,751	\$1,229,649	\$60,000	\$0	\$19,736	\$40,264
RAILBELT	\$3,157,200	\$0	\$116,468	\$3,040,732	\$60,000	\$0	\$2,213	\$57,787
SAND POINT	\$1,335,600	\$298,564	\$0	\$1,037,036	\$60,000	\$13,413	\$0	\$46,587
SITKA	\$8,038,800	\$1,764,700	\$84,012	\$6,190,088	\$60,000	\$13,171	\$627	\$46,202
SKAGWAY	\$1,075,200	\$236,146	\$0	\$839,054	\$60,000	\$13,178	\$0	\$46,822
SOUTHEAST ISLAND	\$4,778,400	\$0	\$764,757	\$4,013,643	\$60,000	\$0	\$9,603	\$50,397
SOUTHWEST REGION	\$6,382,800	\$0	\$1,742,370	\$4,640,430	\$60,000	\$0	\$16,379	\$43,621
ST. MARY'S	\$1,360,800	\$17,805	\$62,613	\$1,280,382	\$60,000	\$785	\$2,761	\$56,454
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,556,400	\$382,258	\$154,473	\$1,019,669	\$60,000	\$14,736	\$5,955	\$39,309
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,784,600	\$434,682	\$2,037	\$2,347,881	\$60,000	\$9,366	\$44	\$50,590
YAKUTAT	\$1,200,000	\$72,547	\$56,386	\$1,071,067	\$60,000	\$3,627	\$2,819	\$53,553
YUKON FLATS	\$5,692,200	\$0	\$703,866	\$4,988,334	\$60,000	\$0	\$7,419	\$52,581
YUKON-KOYUKUK	\$6,888,000	\$0	\$1,484,468	\$5,403,532	\$60,000	\$0	\$12,931	\$47,069
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

				STATEWIDE				
TOTALS	\$606,576,000	\$135,935,290	\$38,734,385	\$431,906,325	AVERAGE	\$13,446.2	\$3,831.4	\$42,722.4
					PERCENTAGE	22.4%	6.4%	71.2%

STATE CORR STUDY ----->>> \$2,225,340  
 VALDEZ CONTRACT ----->>> \$600,000  
 HOLD HARMLESS ----->>> \$3,302,777  
 =====  
 TOTAL STATE AID ----->>> \$438,034,442

+ 840.2

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	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	\$3,988,200	\$0	\$1,792,632	\$2,195,568	\$60,000	\$0	\$26,969	\$33,031
ALASKA GATEWAY	\$4,975,200	\$0	\$626,551	\$4,348,649	\$60,000	\$0	\$7,556	\$52,444
ALEUTIAN REGION	\$1,645,200	\$0	\$294,651	\$1,350,549	\$60,000	\$0	\$10,746	\$49,254
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,028	\$119,745,512	\$60,000	\$21,000	\$107	\$38,893
ANNETTE ISLAND	\$2,534,400	\$0	\$1,406,836	\$1,127,564	\$60,000	\$0	\$33,306	\$26,694
BERING STRAIT	\$15,297,600	\$0	\$4,199,309	\$11,098,291	\$60,000	\$0	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	\$60,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,827,800	\$0	\$782,972	\$2,044,828	\$60,000	\$0	\$16,613	\$43,387
CHUGACH	\$1,644,600	\$0	\$183,932	\$1,460,668	\$60,000	\$0	\$6,710	\$53,290
COPPER RIVER	\$4,889,400	\$0	\$398,113	\$4,491,287	\$60,000	\$0	\$4,885	\$55,115
CORDOVA	\$2,637,000	\$495,929	\$15,603	\$2,125,468	\$60,000	\$11,284	\$355	\$48,361
CRAIG	\$1,448,400	\$149,219	\$32,973	\$1,266,208	\$60,000	\$6,181	\$1,366	\$52,453
DELTA GREELY	\$5,884,200	\$0	\$1,042,286	\$4,841,914	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,266,400	\$430,063	\$354,651	\$2,481,686	\$60,000	\$7,900	\$6,515	\$45,586
FAIRBANKS	\$65,413,800	\$18,907,656	\$32,127	\$46,474,017	\$60,000	\$17,343	\$29	\$42,628
GALENA	\$1,529,400	\$80,428	\$443,016	\$1,005,956	\$60,000	\$3,155	\$17,380	\$39,465
HAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	\$60,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,649,400	\$116,950	\$190,808	\$1,341,642	\$60,000	\$4,254	\$6,941	\$48,805
HYDABURG	\$1,029,000	\$53,671	\$0	\$975,329	\$60,000	\$3,130	\$0	\$56,870
IDITAROD	\$4,964,400	\$0	\$849,651	\$4,114,749	\$60,000	\$0	\$10,269	\$49,731
JUNEAU	\$20,752,200	\$6,755,969	\$26,897	\$13,969,334	\$60,000	\$19,533	\$78	\$40,389
KAKE	\$1,374,000	\$48,754	\$209,395	\$1,115,851	\$60,000	\$2,129	\$9,144	\$48,727
KASHUNAMIUT	\$1,947,000	\$0	\$498,907	\$1,448,093	\$60,000	\$0	\$15,375	\$44,625
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	\$60,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	\$60,000	\$18,261	\$31	\$41,708
KING COVE	\$1,395,000	\$97,566	\$138,006	\$1,159,428	\$60,000	\$4,196	\$5,936	\$49,868
KLAWOCK	\$1,314,600	\$23,364	\$210,198	\$1,081,038	\$60,000	\$1,066	\$9,594	\$49,340
KODIAK	\$14,785,800	\$2,209,790	\$146,749	\$12,429,261	\$60,000	\$8,967	\$595	\$50,437
KUSPUK	\$5,233,200	\$0	\$1,213,011	\$4,020,189	\$60,000	\$0	\$13,907	\$46,093
LAKE & PENINSULA	\$5,363,400	\$0	\$1,036,848	\$4,326,552	\$60,000	\$0	\$11,599	\$48,401
LOWER KUSKOKWIM	\$31,965,600	\$0	\$5,933,153	\$26,032,447	\$60,000	\$0	\$11,137	\$48,863
LOWER YUKON	\$14,259,600	\$0	\$4,633,701	\$9,625,899	\$60,000	\$0	\$19,497	\$40,503
MAT-SU	\$42,961,200	\$10,867,024	\$19,026	\$32,075,150	\$60,000	\$15,177	\$27	\$44,796
NENANA	\$1,732,200	\$72,398	\$6,566	\$1,653,236	\$60,000	\$2,508	\$227	\$57,265
NOME	\$5,167,200	\$606,540	\$82,724	\$4,477,936	\$60,000	\$7,043	\$961	\$51,996
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,020,514	\$12,620,305	\$60,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	\$0	\$604,250	\$60,000	\$5,416	\$0	\$54,584
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	\$60,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,332,400	\$0	\$602,751	\$1,229,649	\$60,000	\$0	\$19,736	\$40,264
RAILBELT	\$3,157,200	\$0	\$116,468	\$3,040,732	\$60,000	\$0	\$2,213	\$57,787
SAND POINT	\$1,335,600	\$298,564	\$0	\$1,037,036	\$60,000	\$13,413	\$0	\$46,587
SITKA	\$8,038,800	\$1,764,700	\$84,012	\$6,190,088	\$60,000	\$13,171	\$627	\$46,202
SKAGWAY	\$1,075,200	\$236,146	\$0	\$839,054	\$60,000	\$13,178	\$0	\$46,822
SOUTHEAST ISLAND	\$4,778,400	\$0	\$764,757	\$4,013,643	\$60,000	\$0	\$9,603	\$50,397
SOUTHWEST REGION	\$6,382,900	\$0	\$1,742,370	\$4,640,430	\$60,000	\$0	\$16,379	\$43,621
ST. MARY'S	\$1,360,800	\$17,805	\$62,613	\$1,280,382	\$60,000	\$785	\$2,761	\$56,454
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	\$60,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,556,400	\$382,258	\$154,473	\$1,019,669	\$60,000	\$14,736	\$5,955	\$39,309
VALDEZ	\$3,929,400	\$1,375,290	\$9,495	\$2,544,615	\$60,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,784,600	\$434,682	\$2,037	\$2,347,881	\$60,000	\$9,366	\$44	\$50,590
YAKUTAT	\$1,200,000	\$72,547	\$56,386	\$1,071,067	\$60,000	\$3,627	\$2,819	\$53,553
YUKON FLATS	\$5,692,200	\$0	\$703,866	\$4,988,334	\$60,000	\$0	\$7,419	\$52,581
YUKON-KOYUKUK	\$7,504,800	\$0	\$1,484,468	\$6,020,332	\$60,000	\$0	\$11,868	\$48,132
YUPIIT	\$3,849,600	\$0	\$1,043,126	\$2,806,474	\$60,000	\$0	\$16,258	\$43,742

TOTALS	1607,658,400	\$135,935,290	\$38,734,385	\$432,988,725	STATEWIDE AVERAGE	\$13,422.2	\$3,824.6	\$42,753.2
					PERCENTAGE	22.6%	6.4%	71.3%

STATE CORR STUDY ----->>> \$2,225,340  
VALDEZ CONTRACT ----->>> \$600,000  
HOLD HARMLESS ----->>> \$2,296,258  
=====

+ 916.1

TOTAL STATE AID ----->>> \$438,110,323

SCHOOL DISTRICT	COLUMN K PRO RATA AT 98.7814288	FY88 HOLD HARMLESS	TOTAL COLUMN A PLUS COLUMN B	CS/HB 126 FY88 PROPOSED STATE AID	FY88 HOLD HARMLESS	TOTAL COLUMN D PLUS COLUMN E	COLUMN C MINUS COLUMN F
ADAK	\$2,168,813	\$0	\$2,168,813	\$2,195,568	\$0	\$2,195,568	(\$26,755)
ALASKA GATEWAY	\$4,366,188	\$0	\$4,366,188	\$4,348,649	\$0	\$4,348,649	\$17,539
ALEUTIAN REGION	\$1,473,966	\$0	\$1,473,966	\$1,350,549	\$0	\$1,350,549	\$123,417
ANCHORAGE	\$118,286,327	\$0	\$118,286,327	\$119,745,512	\$0	\$119,745,512	(\$1,459,185)
ANNETTE ISLAND	\$1,159,461	\$127,198	\$1,286,659	\$1,127,564	\$165,487	\$1,193,051	\$93,608
BERING STRAIT	\$10,963,050	\$0	\$10,963,050	\$11,098,291	\$0	\$11,098,291	(\$135,241)
BRISTOL BAY	\$1,421,842	\$0	\$1,421,842	\$1,439,382	\$0	\$1,439,382	(\$17,540)
CHATHAM	\$2,080,957	\$0	\$2,080,957	\$2,044,828	\$0	\$2,044,828	\$36,129
CHUGACH	\$1,442,869	\$0	\$1,442,869	\$1,460,668	\$0	\$1,460,668	(\$17,799)
COPPER RIVER	\$4,504,124	\$0	\$4,504,124	\$4,491,287	\$0	\$4,491,287	\$12,837
CORDOVA	\$2,148,761	\$0	\$2,148,761	\$2,125,468	\$0	\$2,125,468	\$23,293
CRAIG	\$1,342,645	\$0	\$1,342,645	\$1,266,208	\$0	\$1,266,208	\$76,437
DELTA GREELY	\$4,782,912	\$0	\$4,782,912	\$4,841,914	\$0	\$4,841,914	(\$59,002)
DILLINGHAM	\$2,583,022	\$490,380	\$3,073,402	\$2,481,686	\$341,591	\$2,823,277	\$250,125
FAIRBANKS	\$45,907,698	\$0	\$45,907,698	\$46,474,017	\$0	\$46,474,017	(\$566,319)
GALENA	\$1,109,272	\$189,442	\$1,298,714	\$1,005,956	\$269,660	\$1,275,616	\$23,098
HAINES	\$1,928,164	\$0	\$1,928,164	\$1,951,950	\$0	\$1,951,950	(\$23,786)
HOONAH	\$1,421,309	\$0	\$1,421,309	\$1,341,642	\$0	\$1,341,642	\$79,667
HYDABURG	\$1,085,538	\$0	\$1,085,538	\$975,329	\$0	\$975,329	\$110,209
IDITAROD	\$4,269,678	\$0	\$4,269,678	\$4,114,749	\$0	\$4,114,749	\$154,929
JUNEAU	\$13,843,559	\$0	\$13,843,559	\$13,969,334	\$0	\$13,969,334	(\$125,775)
KAKE	\$1,194,120	\$0	\$1,194,120	\$1,115,851	\$0	\$1,115,851	\$78,269
KASHUNAMIUT	\$1,548,985	\$0	\$1,548,985	\$1,448,093	\$0	\$1,448,093	\$100,892
KENAI	\$28,561,967	\$0	\$28,561,967	\$28,914,309	\$0	\$28,914,309	(\$352,342)
KETCHIKAN	\$8,161,577	\$0	\$8,161,577	\$8,262,259	\$0	\$8,262,259	(\$100,682)
KING COVE	\$1,276,876	\$0	\$1,276,876	\$1,159,428	\$0	\$1,159,428	\$117,448
KLAWOCK	\$1,159,139	\$0	\$1,159,139	\$1,081,038	\$0	\$1,081,038	\$78,101
KODIAK	\$12,280,765	\$0	\$12,280,765	\$12,429,261	\$0	\$12,429,261	(\$148,496)
KUSPUK	\$4,100,999	\$0	\$4,100,999	\$3,554,589	\$166,231	\$3,720,820	\$380,179
LAKE & PENINSULA	\$4,739,683	\$0	\$4,739,683	\$4,326,552	\$0	\$4,326,552	\$413,131
LOWER KUSKOKWIM	\$25,715,223	\$0	\$25,715,223	\$26,032,447	\$0	\$26,032,447	(\$317,224)
LOWER YUKON	\$9,508,600	\$0	\$9,508,600	\$9,625,899	\$0	\$9,625,899	(\$117,299)
MAT-SU	\$31,749,487	\$0	\$31,749,487	\$32,075,150	\$0	\$32,075,150	(\$325,663)
NENANA	\$1,739,774	\$0	\$1,739,774	\$1,653,236	\$41,713	\$1,694,949	\$44,825
NOME	\$4,502,789	\$0	\$4,502,789	\$4,477,936	\$0	\$4,477,936	\$24,853
NORTH SLOPE	\$6,581,388	\$1,321,578	\$7,902,966	\$6,662,576	\$1,124,922	\$7,787,498	\$115,468
NORTHWEST ARCTIC	\$12,466,517	\$0	\$12,466,517	\$12,620,305	\$0	\$12,620,305	(\$153,788)
PELICAN	\$596,887	\$0	\$596,887	\$604,250	\$0	\$604,250	(\$7,363)
PETERSBURG	\$2,655,860	\$0	\$2,655,860	\$2,688,623	\$0	\$2,688,623	(\$32,763)
PRIIBILOF	\$1,291,714	\$0	\$1,291,714	\$1,229,649	\$0	\$1,229,649	\$62,065
RAILBELT	\$3,076,579	\$0	\$3,076,579	\$3,040,732	\$0	\$3,040,732	\$35,847
SAND POINT	\$1,156,569	\$0	\$1,156,569	\$1,037,036	\$0	\$1,037,036	\$119,533
SITKA	\$6,173,926	\$0	\$6,173,926	\$6,190,088	\$0	\$6,190,088	(\$16,162)
SKAGWAY	\$937,884	\$0	\$937,884	\$839,054	\$0	\$839,054	\$98,830
SOUTHEAST ISLAND	\$4,223,739	\$0	\$4,223,739	\$4,013,643	\$0	\$4,013,643	\$210,096
SOUTHWEST REGION	\$4,692,938	\$0	\$4,692,938	\$4,640,430	\$0	\$4,640,430	\$52,508
ST. MARY'S	\$1,399,320	\$117,078	\$1,516,398	\$1,280,382	\$244,298	\$1,524,680	(\$8,282)
TANANA	\$860,768	\$91,889	\$952,657	\$871,386	\$81,498	\$952,884	(\$227)
UNALASKA	\$1,119,854	\$0	\$1,119,854	\$1,019,669	\$0	\$1,019,669	\$100,185
VALDEZ	\$2,513,607	\$261,982	\$2,775,589	\$2,544,615	\$127,089	\$2,671,704	\$103,885
WRANGELL	\$2,363,722	\$0	\$2,363,722	\$2,347,881	\$0	\$2,347,881	\$15,841
YAKUTAT	\$1,170,033	\$0	\$1,170,033	\$1,071,067	\$0	\$1,071,067	\$98,966
YUKON FLATS	\$5,152,177	\$0	\$5,152,177	\$4,988,334	\$0	\$4,988,334	\$163,843
YUKON-KOYUKUK	\$6,033,502	\$0	\$6,033,502	\$5,403,532	\$0	\$5,403,532	\$629,970
YUPIIT	\$2,772,275	\$0	\$2,772,275	\$2,806,474	\$0	\$2,806,474	(\$34,199)

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TOTALS \$431,769,398 \$2,599,547 \$434,368,945 \$431,906,325 \$2,462,489 \$434,368,814 \$131  
=====

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 description 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	81/81	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	2,609.46	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	24.14
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	27.69
HYDABURG	108	13.00	1.00	1.65	1.00	16.65	1.03	17.15
IDITAROD	392	56.24	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
KASHUNAMTUT	189	18.60	2.27	2.53	1.00	24.40	1.33	32.45
KENAI	8414	645.39	10.03	77.16	12.85	745.43	1.00	745.43
KETCHIKAN	2450	170.58	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
KOOTAK	2319	192.25	1.93	29.55	2.33	226.08	1.09	286.43
KUSLUK	371	53.53	1.50	3.67	1.04	59.74	1.33	79.44
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.31	89.39
LOWER KUSKOWIM	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
NEKAMA	208	19.87	1.00	2.19	1.09	24.06	1.20	28.87
NOME	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
PRIBILOF	152	19.44	1.09	2.08	1.00	23.49	1.39	30.54
RAILBELT	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	1.09	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	1.06	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	1.02	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	1.46	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	102,142	7,931.69	186.80	1,003.85	134.76	9,257.10		10,109.60

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

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	REQUIRED LOCAL EFFORT	DEDUCTIBLE PL87A	FY88 PROPOSED STATE AID	BASIC NEED PER UNIT	REQ. LOCAL EFFORT PER UNIT	PL87A DEDUCTIBLE PER UNIT	FY 88 STATE AID PER UNIT
ADAK	\$3,988,200	80	11,792,632	\$2,195,568	160,000	80	126,969	133,031
ALASKA GATEWAY	14,975,200	80	1626,551	14,348,649	160,000	80	17,556	152,444
ALEUTIAN REGION	11,645,200	80	1294,651	11,350,549	160,000	80	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	12,534,400	80	11,406,836	11,127,564	160,000	80	133,306	126,694
BERING STRAIT	115,297,600	80	14,199,309	111,098,291	160,000	80	116,670	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	80	1782,972	12,044,828	160,000	80	116,613	143,387
CHUGACH	11,644,600	80	1183,932	11,460,668	160,000	80	16,710	153,290
COPPER RIVER	14,583,400	80	1398,113	14,491,287	160,000	80	14,885	155,115
CORDOVA	12,637,000	1495,929	115,603	12,125,468	160,000	111,284	1355	148,361
CRAIG	11,648,400	1149,219	132,973	11,266,208	160,000	16,181	11,566	152,653
DELTA GREELY	15,884,200	80	11,042,286	14,841,914	160,000	80	110,628	149,372
DILLINGHAM	13,266,400	1430,063	1354,651	12,481,686	160,000	17,900	16,515	145,586
FATBANKS	165,413,800	118,907,656	132,127	166,474,017	160,000	117,343	129	142,628
SALENA	11,529,400	180,428	1443,016	11,005,956	160,000	13,155	117,380	129,465
HAINES	12,388,600	1390,486	146,164	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	80	1075,329	160,000	13,130	80	156,870
IDITAROD	14,964,400	80	1849,651	14,114,749	160,000	80	110,269	149,731
JUNEAU	120,752,200	16,755,969	126,897	113,969,334	160,000	119,533	178	140,589
KAKE	11,374,000	148,754	1209,396	11,115,851	160,000	12,129	19,144	148,727
KASHUNAIUT	11,947,000	80	1498,907	11,448,093	160,000	80	115,375	144,625
KENAI	144,725,800	115,621,367	1190,124	128,914,309	160,000	120,956	1255	138,789
KETCHIKAN	111,886,000	13,617,536	14,205	14,262,259	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	149,868
KLAMOCK	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	1166,749	112,429,261	160,000	14,947	1596	150,437
KUSPUK	14,767,600	80	11,213,011	13,554,589	160,000	80	115,266	144,734
LAKE & PENINSULA	15,363,400	80	11,036,848	14,326,552	160,000	80	111,599	148,401
LOWER KUSKOKWIM	131,965,600	80	15,933,153	126,032,447	160,000	80	111,137	148,863
LOWER YUKON	114,259,600	80	14,633,701	109,625,899	160,000	80	119,497	140,503
MAT-SU	142,961,200	110,867,024	119,026	132,075,150	160,000	115,177	127	144,796
MEHANA	11,732,200	172,398	14,566	11,633,236	160,000	12,508	1227	157,265
NOME	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	80	1604,250	160,000	15,416	80	154,584
PETERSBURG	13,238,200	1541,422	14,155	12,688,623	160,000	110,032	1151	149,817
PRIBILOF	11,832,400	80	1402,751	11,229,649	160,000	80	119,736	140,264
RAILBELT	13,157,200	80	1116,448	13,040,732	160,000	80	12,213	157,787
SAND POINT	11,335,600	1298,564	80	11,037,036	160,000	113,413	80	146,587
SITKA	18,038,800	11,764,700	184,012	16,190,088	160,000	113,171	1627	166,202
SKAGWAY	11,075,200	1236,146	80	1039,054	160,000	113,178	80	146,822
SOUTHEAST ISLAND	14,778,400	80	1764,757	14,013,643	160,000	80	19,603	150,397
SOUTHWEST REGION	14,382,800	80	11,742,370	14,640,430	160,000	80	116,379	143,621
ST. MARY'S	11,360,800	117,805	162,613	11,200,382	160,000	1785	12,761	156,454
TANANA	11,105,200	147,021	1186,793	1071,386	160,000	12,553	110,141	147,307
UNALASKA	11,556,400	1382,258	1154,473	11,019,649	160,000	114,736	15,955	139,309
VALDEZ	13,929,400	11,375,290	19,495	12,544,615	160,000	121,000	1145	138,855
WRANGELL	12,784,600	1434,682	12,037	12,347,881	160,000	19,366	144	150,590
YAKUTAT	11,200,000	172,547	156,586	11,071,067	160,000	13,627	12,819	153,553
YUKON PLATS	15,692,200	80	1703,866	14,988,334	160,000	80	17,419	152,581
YUKON-KOYUKUK	16,888,000	80	11,484,668	15,403,332	160,000	80	112,931	147,069
YUPIIT	13,349,600	80	11,043,126	12,806,474	160,000	80	116,258	143,742

TOTALS	1606,576,000	1135,935,290	138,734,385	1431,906,325	STATEWIDE AVERAGE	113,446.2	13,831.4	142,722.4
					PERCENTAGE	22.48	6.48	71.28

STATE CORR STUDY -----))) 12,225,340  
 VALDEZ CONTRACT -----))) 1600,000  
 HOLD HARMLESS -----))) 12,662,489  
 TOTAL STATE AID -----))) 1437,194,154

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 PL87% LESS SP. ED.	PL87% PERCENTAGE	DEDUCTIBLE PL87%	65% BASIC NEED LESS DEDUC. PL87%	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	\$799,698	\$2,195,568
ALASKA GATEWAY	\$4,975,200	\$3,233,880	\$1,741,320	\$0	\$1,741,320	\$496,167	100.00%	\$426,551	\$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%	\$330,028	\$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%	\$782,972	\$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	\$4,889,400	\$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	60.36%	\$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	\$394,054	100.00%	\$354,651	\$1,768,509	\$2,481,666
FATBANKS	\$65,613,800	\$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	\$551,096	\$1,005,956
HAINES	\$2,388,600	\$1,552,590	\$836,010	\$390,426	\$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
KASHUNAMITUT	\$1,947,000	\$1,265,550	\$681,450	\$0	\$681,450	\$554,341	100.00%	\$498,907	\$766,643	\$1,444,093
KENAI	\$44,725,800	\$29,071,770	\$15,654,030	\$15,621,367	\$32,663	\$267,448	85.37%	\$190,124	\$28,881,646	\$28,916,309
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	\$908,750	\$488,250	\$97,566	\$390,684	\$153,339	100.00%	\$138,006	\$768,744	\$1,159,428
KLAMOCK	\$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	\$163,065	100.00%	\$146,749	\$9,464,021	\$12,429,261
KUSPUK	\$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	\$14,844,487	\$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
MEHANA	\$1,732,200	\$1,125,930	\$606,270	\$72,398	\$533,872	\$7,295	100.00%	\$6,566	\$1,119,364	\$1,653,236
MOYE	\$5,167,200	\$3,358,680	\$1,808,520	\$406,540	\$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	\$6,662,576
NORTHWEST ARCTIC	\$16,581,000	\$10,777,650	\$5,803,350	\$940,181	\$4,863,169	\$3,356,126	100.00%	\$3,020,516	\$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
PRIIBLOF	\$1,832,400	\$1,191,060	\$641,340	\$0	\$641,340	\$469,724	100.00%	\$402,751	\$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	\$1,766,700	\$1,048,880	\$162,224	57.54%	\$84,012	\$5,141,208	\$6,190,088
SKAGWAY	\$1,075,200	\$698,880	\$376,320	\$236,144	\$140,174	\$0	100.00%	\$0	\$698,880	\$839,054
SOUTHEAST ISLAND	\$4,778,400	\$3,105,960	\$1,672,440	\$0	\$1,672,440	\$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	\$841,907	\$1,280,382
TANANA	\$1,105,200	\$718,380	\$386,820	\$47,021	\$339,799	\$231,071	89.82%	\$166,793	\$551,587	\$871,386
UNALASKA	\$1,556,400	\$1,011,660	\$544,740	\$382,258	\$162,482	\$171,636	100.00%	\$154,473	\$857,187	\$1,019,649
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	\$62,452	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	\$6,848,000	\$4,477,200	\$2,410,800	\$0	\$2,410,800	\$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

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

A	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK
SCHOOL DISTRICT	FY87 ADM FINAL	FY88 PROJECTED ADM	FY87 TOTAL REV. FOR HOLD HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE & INCLUDES 80% SFACCOUNT	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS
ADAK	601.7	600	83,787,818	105.6	83,399,405	(1588,795)	81,995,186	110.4	81,790,596	(804,974)	80
ALASKA GATEWAY	510.6	523	84,254,162	114.2	83,921,727	(81,053,473)	83,627,611	117.0	83,344,137	(81,004,512)	80
ALEUTIAN REGION	90.5	90	81,535,676	107.7	81,374,472	(8270,728)	81,261,025	109.4	81,110,751	(8239,798)	80
ANCHORAGE	39752.1	38874	181,562,951	104.0	1159,797,101	(824,934,499)	1116,576,863	105.0	1102,601,575	(17,143,937)	80
ANNETTE ISLAND	421.1	432	82,815,876	87.7	82,599,887	865,487	81,409,040	78.0	81,300,962	8173,398	865,487
BERING STRAIT	1223.8	1251	816,497,905	103.2	813,338,120	(81,959,480)	810,298,546	105.4	819,474,742	(81,623,549)	80
BRISTOL BAY	233	231	82,212,932	95.9	81,974,543	(8130,257)	81,851,146	78.4	81,651,730	8212,348	80
CHATHAM	351.6	310	82,883,168	111.2	82,287,838	(8539,962)	82,100,196	110.4	81,666,538	(8378,290)	80
CHUGACH	130	132	81,424,957	113.7	81,302,191	(8342,409)	81,241,025	115.9	81,134,106	(8326,562)	80
COPPER RIVER	560.7	561	83,926,442	124.5	83,535,689	(81,353,711)	83,528,329	127.2	83,177,195	(81,314,092)	80
CORDOVA	432.2	431	82,548,477	103.8	82,287,261	(8349,739)	82,036,945	104.6	81,828,161	(8297,307)	80
CRAIG	231	219	81,515,733	100.8	81,293,294	(8155,106)	81,454,025	91.9	81,240,443	(825,565)	80
DELTA GREELY	1018.7	1027	85,126,212	113.9	84,651,181	(81,233,019)	84,083,926	117.6	83,705,480	(81,136,434)	80
DILLINGHAM	461.5	469	83,944,771	81.5	83,607,991	8341,591	83,395,120	71.9	83,105,266	8623,580	8341,591
FAIRBANKS	13116.8	13158	162,081,027	105.0	156,048,422	(89,365,378)	143,161,244	107.4	138,949,076	(87,524,941)	80
GALENA	166.5	172	81,935,035	76.5	81,799,080	8269,660	81,411,591	69.0	81,312,398	8306,442	8269,660
HAINES	351.7	360	82,375,613	98.2	82,188,509	(8200,091)	81,938,963	98.3	81,786,249	(8165,701)	80
HOONAH	234.3	235	81,730,262	95.0	81,561,868	(887,312)	81,444,679	92.6	81,304,096	(837,566)	80
HYDABURG	107	108	8430,740	122.7	8754,634	(8274,346)	8428,540	116.6	8752,655	(8222,674)	80
IDITAROD	383.8	392	85,386,074	90.2	84,951,034	(813,366)	84,536,423	88.8	84,170,010	855,261	80
JURNEAU	4599.4	4244	821,444,712	104.9	817,808,893	(82,943,307)	816,661,846	103.3	812,176,020	(81,793,314)	80
KAKE	196	178	81,537,036	98.4	81,256,292	(8117,708)	81,278,887	96.1	81,045,294	(870,557)	80
KASHUWAHUT	172	189	81,835,395	96.5	81,815,120	(8131,880)	81,336,488	98.6	81,321,725	(8126,368)	80
KENAI	8143.6	8414	845,287,112	95.6	842,111,742	(82,614,058)	829,475,621	94.9	827,408,896	(81,505,413)	80
KETCHIKAN	2433.4	2450	811,126,948	106.2	810,074,288	(81,811,712)	87,503,207	109.5	86,793,369	(81,668,890)	80
KING COVE	132.7	133	81,315,893	105.8	81,186,981	(8208,019)	81,164,887	99.3	81,050,749	(8108,659)	80
KLAMOCK	162	168	81,343,439	94.4	81,253,876	(860,724)	81,109,877	93.9	81,035,885	(845,153)	80
KODIAK	2221.6	2319	813,534,997	104.7	812,715,562	(82,070,238)	811,194,682	106.4	810,516,906	(81,912,356)	80
KUSKUK	350.85	371	85,184,290	87.0	84,933,831	8166,231	83,971,279	84.6	83,779,922	8224,833	8166,231
LAKE & PENINSULA	354.4	369	85,410,983	95.2	85,070,506	(8292,894)	84,376,133	95.0	84,098,900	(8227,652)	80
LOWER KUSKOKWIM	2566.39	2682	827,181,406	112.4	825,585,218	(86,380,382)	821,248,253	117.1	820,000,481	(86,031,966)	80
LOWER YUKON	1316.1	1343	812,240,228	114.0	811,258,476	(83,001,124)	87,606,527	123.8	86,996,430	(82,629,469)	80
MAT-SU	8680.9	8940	838,186,588	109.2	835,393,713	(87,567,487)	827,300,538	114.1	825,303,843	(86,771,307)	80
MEHANA	123	208	81,168,235	87.7	81,777,997	845,797	81,113,668	87.8	81,694,949	841,713	841,713
NOME	781.8	759	85,479,829	97.1	84,788,016	(8379,184)	85,097,450	90.5	84,453,912	(824,024)	80
NORTH SLOPE	1151.3	1231	813,513,743	82.2	813,004,322	81,124,922	80,296,919	75.1	87,984,154	81,321,578	81,124,922
NORTHWEST ARCTIC	1550	1637	814,239,358	110.3	813,534,739	(83,046,261)	811,008,844	108.5	810,464,084	(82,156,221)	80
PELICAN	54.4	54	8562,367	119.0	8502,409	(8161,791)	8538,241	113.1	8480,855	(8123,395)	80
PETERSBURG	601	597	83,096,956	105.3	82,768,708	(8469,492)	82,547,377	106.3	82,277,381	(8411,242)	80
PRIIBILOF	155.6	152	81,444,739	129.8	81,270,182	(8562,218)	8461,988	149.5	8740,256	(8489,393)	80
RAILBELT	365.8	346	83,390,864	98.4	82,886,591	(8270,609)	83,274,396	98.2	82,787,444	(8253,288)	80
SAND POINT	118.3	135	8957,425	122.2	8983,323	(8352,277)	8451,916	106.7	8474,960	(8162,076)	80
SITKA	1610	1637	87,478,526	105.7	86,843,546	(81,195,254)	85,629,812	108.1	85,151,802	(81,038,286)	80
SKAGWAY	137	136	8498,163	155.1	8623,760	(8451,440)	8627,163	134.8	8560,327	(8278,727)	80
SOUTHEAST ISLAND	419.4	435	84,435,135	103.9	84,140,094	(8438,306)	83,670,378	105.4	83,426,212	(8587,631)	80
SOUTHWEST REGION	472.1	491	85,751,833	106.7	85,383,893	(8998,907)	84,009,448	111.3	83,752,981	(8687,449)	80
ST. MARY'S	101.2	125	81,451,953	75.9	81,614,078	8253,278	81,371,535	75.6	81,524,680	8244,298	8244,298
TANANA	81	86	81,241,893	83.8	81,186,698	881,498	81,008,079	81.4	8963,275	891,889	881,498
UNALASKA	159	170	81,387,667	104.9	81,335,302	(8221,098)	81,111,196	85.8	81,069,263	849,596	80
VALDEZ	695	697	84,494,277	87.2	84,056,489	8127,089	83,109,492	81.6	82,808,597	8261,982	8127,089
WRANGELL	494	497	82,543,130	108.8	82,302,717	(8481,883)	82,106,611	110.8	81,907,283	(8440,598)	80
YAKUTAT	157	147	81,246,559	102.8	81,050,444	(8149,556)	81,134,896	100.8	8956,348	(8114,719)	80
YUKON FLATS	372	390	85,303,295	102.4	85,003,915	(8688,285)	84,599,429	103.4	84,339,783	(8648,551)	80
YUKON-KOYUKUK	612.6	556	87,269,553	104.4	85,938,107	(8949,893)	85,785,085	102.9	84,725,525	(8678,007)	80
YUPIIT	294.6	281	84,433,987	91.0	83,806,366	(843,234)	83,390,861	86.8	82,910,892	8104,418	80

TOTALS 102,212.0 102,142 1583,594,343 1527,940,463 8411,691,267 8372,787,265 82,462,489

SCHOOL DISTRICT	FY87 LOCAL LIMITED TO 35% OR 4 MILLS	ESTIMATED FY88 LOCAL REV	REQUIRED LOCAL EFFORT	ONE HUNDRED PERCENT ASSESSED VALUE	1 MILL / UNIT	1.5 MILLS / UNIT	2 MILLS / UNIT
ADAK			80				
ALASKA GATEWAY			80				
ALEUTIAN REGION			80				
ANCHORAGE	\$64,656,060	\$71,812,316	\$64,656,060	\$19,343,356,800	6,283	9,424	12,565
ANNETTE ISLAND			80		0	0	0
BERING STRAIT			80		0	0	0
BRISTOL BAY	\$102,532	\$406,164	\$406,164	\$101,541,000	2,896	4,342	5,789
CHATHAM			80		0	0	0
CHUGACH			80		0	0	0
COPPER RIVER			80		0	0	0
CORDOVA	\$495,929	\$821,642	\$495,929	\$123,982,300	2,821	4,231	5,642
CRAIG	\$28,735	\$149,219	\$149,219	\$37,304,700	1,545	2,318	3,091
DELTA GREELY			80		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	6,506	8,671
GALENA	\$80,428	\$88,226	\$80,428	\$20,106,900	789	1,183	1,578
HAINES	\$390,486	\$401,674	\$390,486	\$390,621,600	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			80		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	1,054
KASHUMIUT			80		0	0	0
KENAI	\$15,621,367	\$18,298,125	\$15,621,367	\$3,905,341,700	5,299	7,859	10,478
KETCHIKAN	\$3,617,536	\$5,472,063	\$3,617,536	\$904,344,100	4,565	6,848	9,131
KING COVE	\$13,000	\$97,566	\$97,566	\$24,391,400	1,049	1,574	2,098
KLAMOCK	\$23,364	\$29,428	\$23,364	\$5,841,100	287	400	533
KODIAK	\$2,193,596	\$2,209,790	\$2,209,790	\$552,447,400	2,242	3,363	4,484
KUSLUK			80		0	0	0
LAKE & PENINSULA			80		0	0	0
LOWER KUSKOKWIM			80		0	0	0
LOWER YUKON			80		0	0	0
MAT-SU	\$10,867,024	\$18,600,040	\$10,867,024	\$2,716,755,900	3,796	5,691	7,588
MENAMA	\$48,001	\$72,398	\$72,398	\$18,099,500	627	940	1,254
NOPE	\$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	102,816	137,086
NORTHWEST 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	\$680,323	\$541,422	\$135,355,400	2,508	3,762	5,016
PRIBILOF			80		0	0	0
RAILBELT			80		0	0	0
SAND POINT	\$108,909	\$290,564	\$290,564	\$74,641,108	3,353	5,039	6,706
SITKA	\$1,764,708	\$3,066,801	\$1,764,708	\$441,175,000	3,298	4,939	6,586
SKAGWAY	\$71,000	\$236,144	\$236,144	\$59,036,600	3,294	4,942	6,589
SOUTHEAST ISLAND			80		0	0	0
SOUTHWEST REGION			80		0	0	0
ST. HARRY'S	\$17,805	\$100,000	\$17,805	\$4,451,200	196	294	393
TANAMA	\$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	\$72,567	\$72,567	\$18,136,700	907	1,360	1,814
YUKON FLATS			80		0	0	0
YUKON-KOYUKUK			80		0	0	0
YUPIIT			80		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

SCHOOL DISTRICT	FY87 BUDGETED LOCAL REVENUES	ONE HUNDRED PERCENT ASSESSED VALUE	COLUMN 3 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 6 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	\$71,112,314	\$19,343,356,800	\$38,586,714	\$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	\$39,406	\$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
HATNES	\$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
KASHUNAMIUT	\$0		\$0	\$0	\$0	\$0	\$0	\$0
KENAI	\$18,298,125	\$3,905,341,700	\$7,810,683	\$0	\$0	\$0	\$0	\$0
KETCHIKAN	\$5,672,063	\$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
LOWER KUSKOKWIM	\$395,598		\$0	\$0	\$0	\$0	\$0	\$0
LOWER YUKON	\$600,000		\$0	\$0	\$0	\$0	\$0	\$0
MAT-SU	\$19,167,502	\$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
MOOSE	\$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
RATLEBELT	\$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	\$165,166	\$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	\$4,451,200	\$8,902	\$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	\$4,448,037	\$1,693,326,700	\$3,386,633	\$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
<b>TOTALS</b>	<b>\$180,634,903</b>	<b>\$51,044,006,850</b>	<b>\$102,088,014</b>	<b>\$2,566,601</b>	<b>\$656,404</b>	<b>\$1,910,197</b>	<b>\$497,630</b>	<b>\$1,416,628</b>

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

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 14.36.

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 PEAA 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 balances 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 period, 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

STATE OF ALASKA-DEPARTMENT OF EDUCATION  
PUBLIC SCHOOL FOUNDATION PROGRAM  
STATE AID FY87 TO FY88 REVENUE PER ADM  
PREPARED 5/18/87

ALLOTMENT #1

*Senate Finance*  
REVISED

ALLOTMENT #2  
PROJECTED

SCHOOL DISTRICT	FINAL FY87 ADM	REVISED/FINAL STATE AID FY87	80% DISTR.	UNIQUE AND EMERGENCY GRANTS	FED. FY86 PL874 LESS SP. ED.	TOTAL FY87 REVENUE	FY87 REVENUE PER ADM	FY88 PROJECTED ADM	CSHB 126 FY88 PROPOSED STATE AID	FED. FY86 PL874 LESS SP. ED.	FY88 HARMLESS	PROJECTED TOTAL FY88 REVENUE	FY88 REVENUE PER ADM
ADAK	601.7	\$1,922,975			\$1,991,814	\$3,914,789	16,506	600	\$2,168,813	\$1,991,814	10	\$4,160,627	\$6,934
ALASKA GATEWAY	510.6	\$3,628,255			\$696,167	\$4,324,422	18,469	523	\$4,366,188	\$696,167	10	\$5,062,355	\$9,679
ALEUTIAN REGION	90.5	\$1,241,245		\$124,855	\$327,390	\$1,693,490	118,713	90	\$1,473,966	\$327,390	10	\$1,801,356	\$20,015
ANCHORAGE	39,752.1	\$116,110,731	\$486,739		\$407,283	\$117,004,753	\$2,943	38,874	\$118,286,327	\$407,283	10	\$118,693,610	\$3,053
ANNETTE ISLAND	421.1	\$1,409,291			\$1,563,151	\$2,972,441	\$7,059	432	\$1,159,461	\$1,563,151	\$127,198	\$2,849,810	\$6,597
BERING STRAIT	1,223.8	\$10,300,424			\$4,665,899	\$14,966,323	\$12,229	1,251	\$10,963,050	\$4,665,899	10	\$15,628,949	\$12,493
BRISTOL BAY	233.0	\$1,851,474			\$288,060	\$2,139,534	\$9,183	231	\$1,421,842	\$288,060	10	\$1,709,902	\$7,402
CHATHAM	351.6	\$2,100,569			\$859,969	\$2,970,537	18,449	310	\$2,080,957	\$859,969	10	\$2,950,926	\$9,519
CHUGACH	130.0	\$1,241,245			\$204,369	\$1,445,614	\$11,120	132	\$1,442,869	\$204,369	10	\$1,647,238	\$12,479
COPPER RIVER	560.7	\$3,528,955		\$215,856	\$442,347	\$4,187,159	\$7,468	561	\$4,504,124	\$442,347	10	\$4,946,471	\$8,817
CORDOVA	432.2	\$2,037,307			\$28,723	\$2,066,030	\$4,780	431	\$2,148,761	\$28,723	10	\$2,177,484	\$5,052
CRAIG	231.0	\$1,454,284			\$36,636	\$1,490,920	\$6,454	219	\$1,342,645	\$36,636	10	\$1,379,281	\$6,298
DELTA GREELY	1,018.7	\$4,084,651			\$1,158,096	\$5,242,747	\$5,147	1,027	\$4,782,912	\$1,158,096	10	\$5,941,008	\$5,785
DILLINGHAM	461.5	\$3,395,723			\$394,056	\$3,789,779	\$8,212	469	\$2,583,022	\$394,056	\$490,380	\$3,667,458	\$7,393
FAIRBANKS	13,116.8	\$42,222,703	\$926,034	\$93,500	\$49,181	\$43,291,418	\$3,300	13,158	\$45,907,698	\$49,181	10	\$45,956,879	\$3,493
GALENA	166.5	\$1,411,841			\$539,956	\$1,951,797	\$11,723	172	\$1,109,272	\$539,956	\$189,442	\$1,838,670	\$10,690
HAINES	351.7	\$1,939,307		\$121,752	\$52,737	\$2,113,796	\$6,010	360	\$1,928,164	\$52,737	10	\$1,980,901	\$5,503
HOONAH	234.3	\$1,444,936			\$212,009	\$1,656,945	\$7,072	235	\$1,421,309	\$212,009	10	\$1,633,318	\$6,950
HYDABURG	107.0	\$828,687			0	\$828,687	\$7,745	108	\$1,085,538	0	10	\$1,085,538	\$10,051
IDITAROD	383.8	\$4,537,228			\$944,056	\$5,481,284	\$14,282	392	\$4,269,678	\$944,056	10	\$5,213,734	\$13,300
JUNEAU	4,599.4	\$14,416,177	\$248,228	\$214,500	\$40,941	\$14,919,845	\$3,244	4,244	\$13,843,559	\$40,941	10	\$13,884,500	\$3,272
KAKE	196.0	\$1,279,114			\$408,988	\$1,688,102	\$8,613	178	\$1,194,120	\$408,988	10	\$1,603,108	\$9,006
KASHUNMIUT	172.0	\$1,336,725		\$104,709	\$554,341	\$1,995,775	\$11,603	189	\$1,548,985	\$554,341	10	\$2,103,326	\$11,129
KENAI	8,143.6	\$27,227,892	\$2,252,561		\$247,448	\$29,727,901	\$3,650	8,414	\$28,561,967	\$247,448	10	\$28,809,415	\$3,424
KETCHIKAN	2,435.4	\$7,378,810	\$125,706		\$10,429	\$7,514,946	\$3,086	2,450	\$8,161,577	\$10,429	10	\$8,172,006	\$3,336
KING COVE	132.7	\$1,165,094			\$153,339	\$1,318,433	\$9,935	133	\$1,276,876	\$153,339	10	\$1,430,215	\$10,753
KLAWOCK	162.0	\$1,110,074			\$294,169	\$1,404,243	\$8,668	168	\$1,159,139	\$294,169	10	\$1,453,308	\$8,651
KODIAK	2,221.6	\$11,196,639	\$10,000		\$163,055	\$11,369,694	\$5,118	2,319	\$12,280,765	\$163,055	10	\$12,443,820	\$5,366
KUSLUK	350.9	\$3,971,984			\$1,347,790	\$5,319,774	\$15,163	371	\$4,100,999	\$1,347,790	10	\$5,448,789	\$14,687
LAKE & PENINSULA	354.4	\$4,374,911			\$1,152,053	\$5,526,964	\$15,595	369	\$4,739,683	\$1,152,053	10	\$5,891,736	\$15,967
LOWER KUSKOWIM	2,564.4	\$21,252,024			\$6,592,392	\$27,844,417	\$10,858	2,682	\$25,715,223	\$6,592,392	10	\$32,307,615	\$12,046
LOWER YUKON	1,314.1	\$7,607,877			\$5,148,557	\$12,756,434	\$9,707	1,343	\$9,508,600	\$5,148,557	10	\$14,657,157	\$10,914
MAT-SU	8,680.9	\$26,844,201	\$461,101		\$36,183	\$27,341,486	\$3,150	8,940	\$31,749,487	\$36,183	10	\$31,785,670	\$3,555
MENANA	123.0	\$1,089,637	\$24,225		\$7,295	\$1,121,157	\$9,115	208	\$1,739,774	\$7,295	10	\$1,747,069	\$8,399
MOHE	781.8	\$5,098,355			\$91,915	\$5,190,271	\$6,639	759	\$4,502,789	\$91,915	10	\$4,594,704	\$6,054
NORTH SLOPE	1,151.3	\$8,298,391			\$3,951,590	\$12,249,982	\$10,640	1,231	\$6,581,388	\$3,951,590	\$1,321,578	\$11,854,556	\$9,630
NORTHWEST ARCTIC	1,550.0	\$11,010,798			\$3,356,126	\$14,366,924	\$9,269	1,637	\$12,466,517	\$3,356,126	10	\$15,822,643	\$9,666
PELICAN	54.4	\$538,337			0	\$538,337	\$9,896	54	\$596,887	0	10	\$596,887	\$11,053
PETERSBURG	601.0	\$2,547,830			\$11,386	\$2,559,216	\$4,258	597	\$2,655,860	\$11,386	10	\$2,667,246	\$4,468
PRIBILOF	155.6	\$842,137			\$669,724	\$1,511,861	\$9,716	152	\$1,291,714	\$669,724	10	\$1,961,438	\$12,904
RAILBELT	365.8	\$3,274,977			\$129,409	\$3,404,386	\$9,307	346	\$3,076,579	\$129,409	10	\$3,205,988	\$9,266
SAND POINT	118.3	\$852,067			0	\$852,067	\$7,203	135	\$1,156,569	0	10	\$1,156,569	\$8,567
SITKA	1,610.0	\$5,403,364	\$227,407		\$162,224	\$5,792,995	\$3,598	1,637	\$6,173,926	\$162,224	10	\$6,336,150	\$3,871
SKAGWAY	137.0	\$627,275		\$251,524	0	\$878,799	\$6,415	136	\$937,884	0	10	\$937,884	\$6,896
SOUTHEAST ISLAND	419.4	\$3,671,030			\$849,730	\$4,520,760	\$10,779	435	\$4,223,739	\$849,730	10	\$5,073,469	\$11,663
SOUTHWEST REGION	472.1	\$4,010,176			\$1,935,966	\$5,946,143	\$12,595	491	\$4,692,938	\$1,935,966	10	\$6,628,904	\$13,501
ST. MARY'S	101.2	\$1,371,778			\$390,733	\$1,762,512	\$17,416	125	\$1,399,320	\$390,733	\$117,078	\$1,967,131	\$15,257
TANANA	81.0	\$1,008,258			\$231,071	\$1,239,329	\$15,300	86	\$860,768	\$231,071	\$91,889	\$1,183,728	\$13,764
UNALASKA	159.0	\$1,111,392			\$171,636	\$1,283,028	\$8,069	170	\$1,119,854	\$171,636	10	\$1,291,490	\$7,597
VALDEZ	695.0	\$3,110,044			\$34,275	\$3,144,320	\$4,524	697	\$2,513,607	\$34,275	\$261,982	\$2,809,864	\$4,031
WRANGELL	494.0	\$2,106,785			\$2,964	\$2,109,749	\$4,271	497	\$2,363,722	\$2,964	10	\$2,366,686	\$4,762
YAKUTAT	157.0	\$1,135,097		\$39,200	\$62,652	\$1,236,949	\$7,879	147	\$1,170,033	\$62,652	10	\$1,232,685	\$8,386
YUKON FLATS	372.0	\$4,600,245			\$782,074	\$5,382,319	\$14,469	390	\$5,152,177	\$782,074	10	\$5,934,251	\$15,216
YUKON-KOYUKUK	612.6	\$5,786,111			\$1,649,409	\$7,435,520	\$12,138	556	\$6,033,502	\$1,649,409	10	\$7,682,911	\$13,810
YUPIIT	294.6	\$3,391,463			\$1,159,029	\$4,550,492	\$15,446	281	\$2,772,275	\$1,159,029	10	\$3,931,304	\$13,990
<b>TOTAL</b>	<b>102,212.0</b>	<b>\$406,738,901</b>	<b>\$4,752,000</b>	<b>\$1,175,896</b>	<b>\$46,670,793</b>	<b>\$459,337,589</b>		<b>102,142</b>	<b>\$431,769,398</b>	<b>\$46,670,793</b>	<b>\$2,599,547</b>	<b>\$481,039,738</b>	

SFC-87  
5/19/87

Juneau, Alaska  
May 19, 1987

Written Testimony of Senator Joe P. Josephson

To The Senate Finance Committee

House Bill 126

Mr. Chairman and members of the Finance Committee:

I submit for your consideration the following testimony regarding CSHB 126, relating to the public school foundation funding formula.

I. IN SUPPORTING THE HOUSE-PASSED BILL, URBAN MEMBERS OF THE SENATE HESS COMMITTEE ACQUIESCED IN A MEASURE THAT INCLUDES AREA DIFFERENTIALS LESS FAVORABLE TO URBAN AREAS THAN SB 119, THE BILL APPROVED BY THE HESS COMMITTEE EARLIER IN THE SESSION.

The Senate HESS Committee consists of Senator Paul Fischer, Senator Joe Josephson, Senator Jay Kerttula, Senator Rick Halford, and Senator Lloyd Jones. All but Senator Jones are from the heavily populated railbelt area. Senator Jones is from the Petersburg-Ketchikan area.

For years, railbelt taxpayers have felt aggrieved by the way in which state support for public schools is allocated. However, railbelt legislators have attempted to recognize the needs of the rural areas.

It remains the fact, however, that the railbelt's students -- about 70 percent of the statewide total -- receive through their districts only about 50 percent of the state's public school operations support.

The HESS Committee held numerous hearings on SB 45, by Senator Kerttula, and SB 119, by the Rules Committee by request of the Governor, relating to state school aid and the foundation formula. In early April, the HESS Committee sent SB 119 to the Finance Committee for its consideration.

The version of SB 119 which the HESS Committee approved followed the administration's original proposals regarding "area differentials". These proposals, it should be noted, are more favorable to urban districts than the funding system that is currently in use and the schedules included in the House-passed HB 126.

Nevertheless, the HESS Committee, in deliberating on HB 126, decided to send HB 126 to the Finance Committee without change -- that is, without going back to the administration's original, more urban-oriented, schedules in SB 119.

Members of the HESS Committee can expect to be criticized for that decision. But it was a decision made in order to avoid an urban-rural division and in light of Governor Cowper's stated preference for the House-passed bill, HB 126, which included his second schedule for area differentials, over SB 119, which included his original schedule for area differentials.

This is the background against which many of us view a new proposal of the Senate Finance Committee which would be a further setback for railbelt taxpayers and students.

To be sure, adequate money can overcome most policy problems, and the proposed version of HB 126 developed by the

Finance Committee does propose to ameliorate some of its adverse effects by spending more money overall.

But there are several problems with this approach:

-- Where is the money coming from?

-- Is the House agreeable to the additional cost?

-- Is the Governor agreeable to the additional cost?

-- Assuming that the House and the Governor agree, how will the formula affect railbelt districts in future years, when money may be harder to find, and when the executive can veto by reduction appropriated sums every year?

-- Assuming that the House is agreeable, the Governor is agreeable, and money to support the proposed schedules without harm to railbelt taxpayers and students can be found in future years as well as FY 1988, is there time today for the House to concur in a new, complex, set of amendments drafted for the Senate Finance Committee?

II. I BELIEVE IT IS DANGEROUS FOR THE LEGISLATURE TO ADJOURN WITHOUT ENACTING A NEW FOUNDATION FORMULA, AND THE GREATEST DANGER CONFRONTS RURAL DISTRICTS.

The Department of Education has said that a new formula is needed, if Alaska is to continue to receive federal P. L. 874 money and take that money into account.

(Of course, P. L. 874 money could be received in the districts, and ignored by the state formula -- but that would lead to a new set of state constitutional claims of inequity under the Equal Protection clause, etc.).

The Department tells us that the State began to encounter

federal compliance problems after the 1983 session, when the Legislature enacted the per student ADM funding schedule as a temporary exigency.

The Department cites its experience in the suit brought by the Southwest REAA for its position. (Of course, the Department has not asked federal authorities for a written confirmation that failure to enact legislation will lead to a loss of P. L. 874 funds, because such a request would precipitate the very problem the Department is trying to avoid through legislation).

But the effect of a failure to comply, if it results in a loss of P. L. 874 money, will be felt most severely in the rural districts -- especially the small rural city districts and the REAAS which have a great deal of ANCSA lands within their boundaries.

Under these premises, it is important to note in conclusion that the rural districts bear the greatest risk of inaction, not the urban districts, and the greatest penalty of inaction will be suffered by rural students.

For these reasons and others, I urge action on HB 126.

The attached table makes the point. The left-hand column shows what districts will receive under SB 408, the present system, assuming loss of PL. 81-84 revenues.

The second column shows what Districts would receive under HB 126. The third column shows the amount of the loss, on a district-by-district basis, if we do not legislate a new formula that complies with federal requirements.

Joe P. Josephson  
State Senator-Dist. H.

SCHOOL DISTRICT	FY 88 \$ AVAILABLE TO DISTRICTS UNDER SB 408 (ASSUMES LOSS OF PL 81-874 REVENUES) (1)	FY 88 \$ AVAILABLE TO DISTRICTS (1)	REDUCTION OF \$ (2) TO DISTRICTS
ADAK	\$ 1,848,294	\$ 4,144,598	\$ 2,296,304
ALASKA GATEWAY	3,451,899	4,960,076	1,508,177
ALEUTIAN REGION	1,146,544	1,651,622	505,078
ANCHORAGE	105,907,818	117,819,385	11,911,567
ANNETTE ISLAND	1,342,884	2,732,954	1,390,070
BERING STRAIT	9,780,057	15,547,924	5,767,867
BRISTOL BAY	1,704,956	1,873,670	168,714
CHATHAM	1,720,240	2,874,951	1,154,711
CHUGACH	1,170,651	1,636,574	465,923
COPPER RIVER	3,279,578	4,846,115	1,566,537
CORDOVA	1,887,072	2,112,773	225,701
CRAIG	1,280,621	1,349,116	68,495
DELTA GREELY	3,824,886	5,905,658	2,080,772
DILLINGHAM	3,205,330	3,337,943	132,613
FAIRBANKS	40,204,175	45,617,586	5,413,411
GALENA	1,354,689	1,790,715	436,026
HAINES	1,843,809	1,966,651	122,842
Hoonah	1,346,120	1,528,481	182,361
HYDABURG	776,908	983,158	206,250
IDITAROD	4,304,385	4,978,623	674,238
JUNEAU	12,568,381	13,738,063	1,169,682
KAKE	1,078,978	1,503,095	424,117
KASHUNAMIUT	1,364,316	1,974,216	609,900
KENAI	28,292,123	28,598,321	306,198
KETCHIKAN	7,012,279	8,111,686	1,099,407
KING COVE	1,084,629	1,323,623	238,994
KLAWOCK	1,069,265	1,354,141	284,876
KODIAK	10,855,804	12,350,114	1,494,310
KUSPUK	3,901,210	4,996,105	1,094,895
LAKE & PENINSULA	4,230,983	5,394,296	1,163,313
LOWER KUSKOKWIM	20,644,978	32,117,560	11,472,582
LOWER YUKON	7,221,884	14,586,882	7,364,998
MAT-SU	26,119,236	31,486,303	5,367,067
NENANA	1,749,568	1,692,883	(56,685)
NOME	4,597,435	4,776,670	179,235
NORTH SLOPE	8,241,436	11,587,338	3,345,902
NORTHWEST ARCTIC	10,801,280	15,864,984	5,063,704
PELICAN	496,350	622,450	126,100
PETERSBURG	2,350,767	2,647,617	296,850
PRIBILOF	764,110	1,875,412	1,111,302
RAILBELT	2,877,267	3,110,888	233,621
SAND POINT	903,155	1,166,110	262,955
SITKA	5,317,815	6,231,689	913,874
SKAGWAY	578,383	940,777	362,394
SOUTHEAST ISLAND	3,536,618	4,785,162	1,248,544
SOUTHWEST REGION	3,873,918	6,485,971	2,612,053
ST. MARY'S	1,573,812	1,885,702	311,890
TANANA	994,316	1,165,387	171,071
UNALASKA	1,103,719	1,345,400	241,681
VALDEZ	2,897,037	2,653,917	(243,120)
WRANGELL	1,968,743	2,305,093	336,350
YAKUTAT	987,166	1,123,853	136,687
YUKON FLATS	4,479,629	5,673,203	1,193,574
YUKON-KOYUKUK	4,877,800	6,947,646	2,069,846
YUPIIT	3,004,693	3,910,815	906,122
TOTALS	\$384,799,999	\$473,991,946	\$89,191,946

1 Excludes local contributions.

2 Nenana and Valdez differences occur because of change in student populations count proposed in HB 126.

If a new foundation proposal does not pass correcting the inequities of distribution, and the State continues to distribute under the SB 408 (1986) distribution mechanism, the federal government is likely to withhold all PL81-874 funding from the state. (The state has not met the federal disparity test for 1986, due to a pending lawsuit by S.W. Region REAA; and cannot meet the disparity for FY 87 under the SB 408 distribution mechanism.)

The state currently receives \$67,870.8 in PL 81-874 funds from the federal government. \$21,200.0 is received directly by the state and utilized as a funding source in the foundation appropriation. \$46,670.8 is received directly by school districts and proposed as an offset (to the extent of 90%) in the administration's foundation proposal. Were a new foundation proposal not to pass, both the state and the school districts would lose their PL 81-874 funds. Districts would have substantially less money available in FY 88. The attached spread sheets reflect the loss in revenues to districts (excluding local contributions).

Governor's proposed funding level	\$428,086.5
Loss of federal PL81-874	<u>(21,246.1)</u>
SUBTOTAL	\$406,840.4
TRS Match funded separately	<u>\$(22,100.0)</u>
Balance available to districts	\$384,740.0

[NOTE: federal funding would not be made available to districts. Only other source of funds would be local contributions. For REAA's local contributions equal 0.]



Alaska State Legislature  
House of Representatives  
COMMITTEE ON HEALTH, EDUCATION  
AND SOCIAL SERVICES

*Handwritten signature*

OFFICIAL BUSINESS

POUCH V  
JUNEAU, AK 99811  
465-3759

MEMORANDUM

FROM: Rep. Niilo Koponen, Co-Chairman House HESS Committee  
Rep. Johnny Ellis, Co-Chairman House HESS Committee

TO: Rep. Al Adams, Chairman House Finance Committee and  
All other Committee Members

RE: CSHB 126 (HESS), Letter of Intent

DATE: March 20, 1987

*Handwritten initials: NE, JE*

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We are sending to you, for your information, the Letter of Intent to CSHB 126 (HESS) which was adopted by our Committee yesterday. We hope that you find it to be helpful in your deliberations on this most important bill.

Please feel free to call on us or our staff if we can be of any assistance.



OFFICIAL BUSINESS

# Alaska State Legislature

## House of Representatives

COMMITTEE ON HEALTH, EDUCATION  
AND SOCIAL SERVICES

POUCHY  
JUNEAU, AK 99801  
465-3759

### LETTER OF INTENT FOR CSHB 126 (HESS)

The House HESS Committee has considered HB 126, "An Act relating to the public school foundation program;...efd.", and passed it on to the House Finance Committee, the next committee of referral. Upon adoption of several minor amendments, which are incorporated into the HESS committee substitute, the Committee recommends the bill as a fundamentally equitable means of distributing state money to the state's elementary and secondary schools. CSHB 126 (HESS) will pass the disparity test which is required to continue the annual receipt of approximately \$60 million of federal PL 81-874 funds.

During our deliberations on HB 126, the Committee considered a number of issues which are outside of the distribution mechanism created by the bill, but which directly affect the overall level of state funding to school districts. These issues are related to the Governor's revised FY 88 budget, namely:

- 1) Beginning FY 88, school districts will be expected to pay the state's contribution to the Teachers Retirement System out of foundation funds.
- 2) No longer will there be a separate state appropriation for community schools. Instead HB 126 authorizes school districts to fund community schools out of foundation dollars.
- 3) In FY 88, the state's reimbursement for school construction debt will be reduced from 90% of entitlement to 70%.
- 4) Pro-ration for the reimbursement of pupil transportation will be reduced to 75% in FY 88.

The elimination or reduction of these various fund sources means that state funding to school districts will be reduced in FY 88, from the FY 87 revised levels, by approximately \$65.2 million. Funding through the foundation program will increase in FY 88 by \$7.9 million leaving a net overall decrease of \$57.3 million, (see attached chart). When compared to the budget passed by the legislature and signed by the governor last year, before executive impoundments, the

decrease is even more dramatic: \$127.9 million. The Committee is well aware of the critical budget problems that our state faces, but we consider such cuts to be excessive. In an era when the role of state government needs to be re-examined and priorities need to be re-considered, the essential and fundamental obligation of funding public schools must remain paramount.

It is the intent of the Committee in passing out CSHB 126 (HESS) to recognize the inadequate level of funding for public education, but also to endorse the funding mechanism created in this bill. It is very important to note that, except for one simple modification, methods for increasing education funding should be sought outside of this bill. In this regard, the Committee discussed the following approaches:

- 1) increasing the base instructional unit value above the \$60,000 level indicated in the bill (the simple modification),
- 2) restoring the state's contribution to the TRS as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 3) funding the community school program as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 4) funding construction debt reimbursement at 100% of entitlement,
- 5) providing a means to require and/or encourage unorganized areas to organize and collect taxes.

Of these approaches, the Committee endorses items 1), 2) and 3), above, as the most equitable and attainable means of increasing funding for education in FY 88. It is the opinion of the Committee that funding for education should be held harmless at the FY 87 revised levels mentioned earlier; a total of \$57.3 million, (see the attached chart). In particular, the Committee strongly recommends that \$28.5 million be reinstated for the TRS and \$2.2 million be reinstated for community schools, each outside of the foundation program.

The Committee adopted amendments to HB 126 as follows:

- 1) The 5.5 mill tax levy limit on local effort was changed to 6.0 mills, (sec. 4). This allows school districts more flexibility in contributing local effort and will not result in a failure of the disparity test.
- 2) The effective date on the authorization to deduct fund balances over 5% from the school district's following year's appropriation was moved back to July 1, 1988, (sec. 25). This will allow school districts more time to adapt to this change in statute.

- 3) The existing law was changed so that federal funds received by a school district will be credited to the year for which the funds were intended, (sec. 2 and 21).
- 4) The formula was changed so that special education programs were guaranteed minimum funding, (sec. 7).
- 5) The purpose section was changed to read, that the foundation program is to assure an "equitable" level of educational opportunities, rather than an "adequate" level, (sec. 16).
- 6) The commissioner (of DOE) was granted the authority to allow an alternative 20-day student count period, for good cause, (sec. 13).
- 7) The deadline for student count periods was moved from September 20th to October 15th, to allow school districts more time for preparation, (sec. 10).
- 8) Several clarifying and technical amendments were also made by Legislative Legal Services and the Attorney General's Office.


The Committee considered, but did not adopt the following suggested changes to HB 126:

- 1) Changing of the formulas which determine elementary and secondary instructional units, (sec. 6), was not adopted since these formulas appropriately represent the economies of scale associated with operating schools.
- 2) A teacher training and experience factor was not adopted because the ramifications of such an amendment were not adequately addressed.
- 3) Modification of the 35% local effort requirement, (sec.4), was not adopted because such an amendment would cause a greater disequalization of funds.
- 4) Language requiring the use of full and true property value determinations (sec. 12) was not changed since full and true value is the most objective and fair measure available that can be applied to all districts.
- 5) An amendment that would have limited the requirement that the Department of Community and Regional Affairs determine the full and true value of property only in city and borough districts, and not in REAAs, failed, (sec.12).

Several concerns regarding the area cost differentials were reviewed by the committee. Due to the absence of any other comprehensive and objective approach, the Committee supports the use of the differentials in HB 126. We strongly suggest, however, that the data upon which the differentials were developed be re-examined and adjusted so that the actual costs of school operations, rather than costs of living, are more accurately represented.

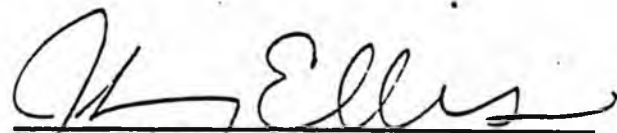
There was considerable discussion regarding the possible taxation of the unorganized areas to help defray the cost of education in those areas. Sample assessment data was presented to the Committee showing that, at a four mill levy, approximately \$16.0 million in taxes could be raised from the unorganized areas represented by the 23 REAAs. Of that total, \$12.0 million would come from the four REAAs which encompass the Trans Alaska Pipeline. As important as any funds that could be generated from any kind of taxation plan, the Committee was concerned that some means be found to encourage local fiscal responsibility through some local contributions. The Committee urges the Finance Committee to give this issue serious consideration.

In conclusion: upon considerable deliberation, the House HESS Committee strongly recommends that the legislature adopt CSHB 126 (HESS) as an equitable, vastly improved means of funding public schools in the State of Alaska. We urge that increased funding for education be appropriated for FY 88 as outlined above. We also recommend an objective and comprehensive re-examination of the area cost differentials. Finally, we urge that the issue of taxation in the unorganized areas be given serious consideration. We welcome any opportunity to discuss our Committee's deliberations at any time.



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Rep. Nillo Koponen  
Co-Chairman



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Rep. Johnny Ellis  
Co-Chairman

Department of Education Budget Figures Relevant to the  
Letter of Intent for CSMB 126 (HESS)

(All figures in thousands of dollars)

	'87 Authorized	'87 Revised	'88 Revised (3-17-87)	<u>87 Auth/88 Rev.</u> Comparison	<u>87 Rev./88 Re</u> Comparison
Pupil Trans.	23,631.8	21,268.6	18,598.5	-5,033.3	-2,670.1
TRS	31,595.0	26,856.3	-0-	-31,595.0	-28,491.8*
Const. Debt	144,263.7	115,845.0	84,026.9	-60,236.8	-31,818.1
Comm Schools	2,595.6	2,206.3	-0-	-2,595.6	-2,206.3
Found. Prog.	456,522.0	420,174.2**	428,086.5	<u>-28,435.5</u>	<u>7,912.3</u>

- \$127,896.2

Total Shortfall,  
88 Revised from  
87 Authorized

-\$57,274.0

Total Hold  
Harmless at  
87 Revised  
level

\* Amount recommended by Div. of Retirement & Benefits to DOE for TRS State match to be included in foundation program for FY 88

\*\* Includes secondary formula account

(5) Monitor the execution of a contract for the construction of school facilities after approval of final plans and specifications; and

(6) Submit a final project summary stating all project costs including initial (movable) school equipment costs.

(d) The Division of SAFA will:

(1) Assist in the development of and approve the final project description;

(2) Approve the project funding and disburse funds in the appropriate manner to initiate the project;

(3) Review and approve sketches and preliminary plans and specifications; and

(4) Prepare use permits for acceptance by the operating agency upon completion of the project.

(Authority: 20 U.S.C. 640(a), (b); 34 CFR 221.61, 221.62, 221.63, 221.65)

**Part 4—Property Management of Facilities Constructed Under Section 10 and Certain Facilities Constructed Under Section 9 of the Act**

**SECTION 4.1 Agencies may be granted use permits.**

The Federal agency or local educational agency to which use of the completed school facilities is granted, must maintain such school facilities, including equipment, in good conditions in accordance with § 221.63(c)(1)(iv) and (c)(2)(iv). The Secretary may request periodic reports to be submitted in order to assure that the facilities and equipment are properly cared for and maintained.

(Authority: 20 U.S.C. 639, 640; 34 CFR 221.63)

**SECTION 4.2 Disposal or transfer of ownership of federally owned school facilities.**

The Secretary, upon receipt of a written request from a local educational agency in which school facilities have been provided under section 9 or 10 of the Act, may make arrangements to transfer ownership of such agency in accordance with § 221.65 of the regulations.

(Authority: 20 U.S.C. 639, 640(b); 34 CFR 221.64, 221.65)

[40 FR 18019, Apr. 8, 1975. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 45 FR 86299, Dec. 30, 1980]

**PART 222—ASSISTANCE FOR LOCAL EDUCATIONAL AGENCIES IN AREAS AFFECTED BY FEDERAL ACTIVITIES AND ARRANGEMENTS FOR EDUCATION OF CHILDREN WHERE LOCAL EDUCATIONAL AGENCIES CANNOT PROVIDE SUITABLE FREE PUBLIC EDUCATION**

**Subpart A—Scope and Definitions**

Sec.

222.1 Scope.

222.3 Definitions.

**Subpart B—Applications**

222.9 Applications.

222.10 Final date for filing applications.

222.11 Amendments to applications: Filing dates.

222.12 Applications under sections 2, 3, and 4 received after deadline not considered for payment.

222.13 Notification to applicants.

222.14 How membership data must be obtained: General.

222.15 First or only membership count.

222.16 Second membership count.

222.17 Alternative methods for making membership counts.

222.18 Assurances and parental participation with respect to Indian children for applications under section 3.

222.19 Civil rights.

**Subpart C—Payments**

222.20 Changes in boundaries, classification, and governing authority of applicants.

222.21 Payments under section 3 when percentage eligibility requirement is not met.

222.22 Computation of ADA of federally connected children.

222.23 Entitlements under section 3(e).

222.24 Payments under section 4(a).

222.25 Election under section 4(c).

222.26 Reduction of financial assistance under sections 2, 3, and 4 due to insufficient appropriations.

**Subpart D—Generally Comparable Local Educational Agencies; Local Contribution Rates**

222.30 Determination of local contribution rates: general.

222.31 Recommendation of local contribution rate.

222.32 Local contribution rate guaranteed by the Act.

**Off. of Elem. and Sec. Educ., Education**

§ 222.3

Sec.

222.33 Identification of generally comparable LEAs.

222.34 Local contribution rate based on generally comparable LEAs.

222.35 Computation of local contribution rates.

222.36 Determination of additional assistance.

222.37 Determination of compensation for unusual geographical factors.

**Subpart E—Records and Reports Required by the Secretary**

222.40 Maintenance of records.

222.41 Retention of records.

222.42 Adjustment for or recovery of overpayment.

222.43 Information submitted after deadlines.

222.44 Reports from other Federal agencies.

**Subpart F—Arrangements Under Section 6 of the Act**

222.50 Arrangements under section 6(a).

222.51 Arrangements under section 6(b).

222.52 Arrangements under section 6(c).

222.53 Proposal for arrangements under section 6.

222.54 Determinations by the Secretary pursuant to section 6.

222.55 Notice of Secretary's action.

222.56 Arrangements under section 402(a).

222.57 Expenditures.

222.58 Reports.

222.59 Termination of arrangements.

222.59a Elected school board required.

**Subpart G—Determinations Under Section 5(d)(1) and (2)**

222.60 Scope and purpose.

222.61 Treatment of State aid programs in general.

222.62 General qualifying standard for State aid programs.

222.63 Disparity standard.

222.64 Wealth neutrality test.

222.65 Consideration for exceptional circumstances.

222.66 Proportion of funds that may be taken into consideration.

222.67 Assurances in applications.

222.68 Submissions and consultations.

222.69 Notice and opportunity for hearing.

**Subpart H—Handicapped Children and Children With Specific Learning Disabilities**

222.70 General.

222.71 Eligibility requirements.

222.72 Application procedures.

222.73 Assurances and certifications.

Sec.

222.74 Use of section 3(d)(2)(C) funds.

222.75 Per pupil expenditure requirement.

222.76 Relation to section 5(d)(2) of the Act.

222.77 Children in private schools.

222.78 Individualized educational programs and parental involvement.

222.79 Applicability of other statutory and regulatory requirements.

**Subpart I—Entitlements Related to Low-Rent Public Housing**

222.80 General.

222.81 Use of section 5(e) funds.

222.82 Application procedures.

222.83 Monitoring.

222.84 Needs assessment.

222.85 Project description, size, scope, and quality.

222.86 Measurement of educational achievement and evaluation of programs.

222.87 Parent advisory councils.

222.88 Participation of private school children.

222.89 Applicability of other statutory and regulatory requirements.

**APPENDIX**

**AUTHORITY:** Titles I and IV, Pub. L. 81-874, 84 Stat. 1100 (20 U.S.C. 236-244), as amended, unless otherwise noted.

**SOURCE:** 40 FR 18032, Apr. 8, 1975, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

**Subpart A—Scope and Definitions**

§ 222.1 Scope.

The regulations in this part govern the provision of financial assistance and the making of arrangements under the Act with regard to local educational agencies in areas affected by Federal activities.

(Authority: 20 U.S.C. 242(b))

§ 222.3 Definitions.

As used in this part:

(a) "Act" means Titles I (except section 7 thereof) and IV of Pub. L. 874, 81st Congress (64 Stat. 1100 (20 U.S.C. 236-244)), as amended.

(b) "Applicant" means any local educational agency which files an application for financial assistance under sections 2, 3, or 4 of the Act and the regulations in this part, but does not include departments or agencies propos-

tion to provide such services and facilities.

(b) The total amount of funds transferred to cover the cost of such services and facilities will be deducted from the section 3 entitlement of the local educational agency.

(Authority: 20 U.S.C. 243(a))

#### § 222.57 Expenditures.

In making such arrangements, the Secretary shall not make payments for (a) expenditures made prior to the Secretary's determination that he is required to make such arrangements; or (b) expenditures made subsequent thereto unless such expenditures are within the definition of "current expenditures" in section 403(5) of the Act or are within the general terms of the arrangements; or (c) expenditures in excess of the actual or reasonable per pupil expenditure of providing free public education in the applicable State.

(Authority: 20 U.S.C. 241)

#### § 222.58 Reports.

The local educational agency or the Federal department or agency with which such arrangements are made shall make such reports to the Secretary from time to time as the Secretary may require to perform his functions under the Act.

(Authority: 20 U.S.C. 241(d), 243(b))

#### § 222.59 Termination of arrangements.

Arrangements under section 6 of the Act shall be limited to provide free public education for not more than one school year. If the Secretary determines that the local educational agency or the Federal department or agency with which arrangements have been made has substantially deviated from the terms of the arrangements, the Secretary will so notify the local educational agency or the Federal department or agency concerned. If the local educational agency or the Federal department or agency does not within a reasonable time comply with the terms of the arrangements, the Secretary may terminate such arrangements without further notice.

(Authority: 20 U.S.C. 241)

#### § 222.59a Elected school board required.

(a) This section applies to all schools operated with funds provided under section 6, except those which, independently of the section 6 arrangement, are governed by an elected school board as required by State or local law.

(b)(1) An agency with which the Secretary makes a section 6 arrangement shall establish an elective school board for schools assisted under that section.

(2) The agency shall empower this elective school board to oversee—review and monitor—school expenditures and operations, subject to audit procedures established by the Secretary, and other provisions of section 6 of this Subpart F.

(c) A school board established under paragraph (b) of this section must be composed of a minimum of three members elected by parents of students in attendance at the schools.

(d) The agency shall ensure the following election procedures:

(1) The parents must have adequate notice of the time and place of the election.

(2) The election must be by secret ballot and those candidates are elected who receive a plurality of the votes.

(3) Personnel employed in the schools may not be board members.

(4) Candidates for board membership must be nominated by one parent, or more, of students who are in attendance at the schools.

(Authority: 20 U.S.C. 241(g))

[40 FR 18032, Apr. 8, 1976. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 49 FR 17497; Apr. 24, 1984]

#### Subpart G—Determinations Under Section 5(d) (1) and (2)

SOURCE: 42 FR 15546, Mar. 22, 1977, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

#### § 222.60 Scope and purpose.

(a) *Scope.* This subpart applies to determinations made by the Secretary pursuant to section 5(d) of the Act as amended by Pub. L. 93-380, Pub. L. 94-487.

(b) *Purpose.* The sole purpose of the regulations in this subpart is to imple-

ment the provisions of section 5(d)(2) of the Act. The definitions and standards contained herein have been developed with respect to the particular intent of the amendment made to section 5(d) of the Act by sections 304(c) and 305(a)(2) of Pub. L. 93-380 and section 330(a) of Pub. L. 94-482 and should not be construed as establishing definitions and standards for any other purpose.

(Authority: 20 U.S.C. 240(d); secs. 304(c), 305(a)(2), Pub. L. 93-380, 88 Stat. 484; 120 Cong. Rec. S8505, 8507 (daily ed. May 20, 1974))

#### § 222.61 Treatment of State aid programs in general

(a) *Statutory provisions.* (1) Section 5(d)(1) of the Act provides that, except as provided in section 5(d)(2), no payments may be made to any local educational agency within a State which takes into consideration payments under section 5 of the Act in determining the eligibility of any agency for State aid, or the amount of that aid, with respect to free public education during the fiscal year of those payments or the preceding fiscal year, or which makes aid available in such a manner as to result in less State aid to any agency which is eligible for payments under the Act than that agency would receive if it were not so eligible.

(2) Section 5(d)(2) of the Act provides that, if a State has in effect a program of State aid for free public education for any fiscal year, which is designed to equalize expenditures for free public education among the local educational agencies of that State, payments under the Act may be taken into consideration by that State in determining (i) the relative financial resources available to local educational agencies in that State and (ii) the relative financial need of those agencies for the provision of free public education for children served by those agencies, subject to the provisions in that section.

(3) Section 5(d)(2)(A)(ii) of the Act provides that, if a State takes payments under the Act into consideration in accordance with section 5(d)(2), the State may do so only to the extent of the proportion that the local revenues of a local educational

agency covered under the equalization part of a State aid program are of that agency's total local revenues for education.

(4) Section 5(d)(2)(C) of the Act, as added by Pub. L. 94-482 provides that no payment under the Act may be withheld from and no repayment may be required of any State or local educational agency because of any non-compliance with section 5(d)(2)(A) of the Act or this subpart prior to July 1, 1977 if that State had a program of State aid whose procedures were designed to equalize expenditures for free public education among those agencies in effect on October 12, 1976.

(Authority: 20 U.S.C. 240(d); H.R. Rep. No. 94-1701, 235 (1976))

(b) *General rules.* (1) Except as provided in paragraph (b)(2) of this section, a State may take into consideration payments under the Act in allocating State aid if that State has a program of State aid which qualifies under § 222.62. However those payments may be taken into consideration for each affected local educational agency only in the proportion described in § 222.66.

(2) No program of State aid may qualify under this subpart if a court of that State has determined by final order, not under appeal, that such program fails to equalize expenditures for free public education among local educational agencies within the State or otherwise violates law.

(3) The Secretary will not interpret any of the provisions of §§ 222.62, 222.63, and 222.65 so as to consider any part of a State aid program which allocates funds for the additional cost of providing free public education for children with special educational needs as disequalizing expenditures for free public education. For the purposes of this subpart, children with special educational needs are handicapped children, non-English speaking children, economically disadvantaged children, gifted and talented children and the like.

(Authority: 20 U.S.C. 240(d)(2); 20 U.S.C. 242(b))

(c) *Data for determinations.* Determinations under this subpart requir-

ing the submission of financial or school population data may be made either (i) on the basis of data for the fiscal year preceding the fiscal year of determination if the same program was then in effect; or (ii) on the basis of estimates of data for the fiscal year of determination. Data submitted shall be the most currently available and complete data, whether based on revenues or current expenditures. Estimates submitted by a State educational agency or other appropriate State agency must set forth the assumptions upon which such estimates are founded, must be accompanied by an assurance as to their accuracy, and must be adjusted by actual data for the fiscal year of determination as soon as available for the purpose of verification.

(Authority: 20 U.S.C. 240(d); 242(d))

(d) *Definitions.* For the purposes of this subpart, the following terms shall have the meanings indicated below:

(1) "State aid" means any contribution, no repayment for which is expected, which is made by a State to or on behalf of local educational agencies within the State for current expenditures in the provision of free public education;

(2) "Equalize expenditures" means to meet the standards set forth in § 222.62;

(3) "Current expenditures" means the total charges incurred for the benefit of the school year in an elementary or secondary school program, exclusive of capital outlay and debt service for capital outlay;

(4) "Revenue" means an addition to assets which does not increase any liability, does not represent the recovery of an expenditure, does not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and does not represent a contribution of fund capital in food service or pupil activity funds. Furthermore, for the purposes of this subpart, the term "revenue" includes only revenue for current expenditures.

(Authority: 20 U.S.C. 240(d)(2))

§ 222.62 General qualifying standard for State aid programs.

*General standard.* For the purposes of section 5(d)(2) of the Act, the Secretary will consider a program of State aid to be designed to equalize expenditures for free public education among local educational agencies in that State if the program—

(a) Is authorized by State law in effect for the fiscal year for which the determination under this subpart is made;

(b) Provides for the appointment of State aid among local educational agencies in the State in order to carry out the objectives of the programs;

(c) Provides that in determining the amount to be apportioned to each local educational agency in the State, the State will take into consideration the relative financial resources available to local educational agencies in that State for the program; and

(d) Meets the standard of either § 222.63, § 222.64 or § 222.65 of this subpart.

[42 FR 18279, Apr. 6, 1977. Redesignated at 45 FR 77388, Nov. 21, 1980]

§ 222.63 Disparity standard.

(a) *25 percent disparity limitation.* The Secretary will consider a program of State aid to have fulfilled the requirement of § 222.62(a)(4) of this subpart if the disparity in the amount of current expenditures or revenue per pupil for free public education among local educational agencies in the State is no more than 25 percent for the fiscal year for which a determination is made under this subpart. The method for calculating the percentage of that disparity in a State is set out in the appendix to this subpart.

(b) (1) *Weighted average disparity for different grade level groups.* If a State requests it, the Secretary will make separate disparity computations for different groups of local educational agencies in the State which have similar grade levels of instruction:

(2) In those cases, the weighted average disparity, based on the proportionate number of pupils in each group, may not be more than 25 percent for all the groups. The method for calculating the weighted average disparity

percentage is set out in the appendix to this subpart.

(c) *Per pupil figure computations.* In calculating the current expenditures or revenue disparities under this section, computations of per pupil figures are made on the following bases:

(1) Except as provided in paragraph (c)(2) of this section, the per pupil amount of current expenditures or revenue for a local educational agency is computed on the basis of the total number of pupils receiving free public education in the schools of the agency. The total number of pupils is determined in accordance with whatever standard measurement of pupil count is used in the State.

(2) If a State aid program uses a "weighted pupil," a "classroom," "instructional unit," or other designated unit of need in determining allocations of State aid in order to take account of special cost differentials, the computation of per pupil revenue or current expenditures may be made on those bases. There are two allowable categories of special cost differentials: (i) Those associated with pupils having special educational needs, such as handicapped children, economically disadvantaged children, non-English speaking children, and gifted and talented children; and (ii) those associated with sparsity or density of population, cost of living, or special socioeconomic characteristics within the area served by an agency.

(d) *Revenues and current expenditures included in determinations.* The following revenues or current expenditures must be included for each local educational agency in the State in determining the percentage of disparity under paragraph (a) of this section:

(1) All revenues or current expenditures from State sources, except those applied or contributed outside any equalized part of the State aid program which are designated for special cost differentials of the type specified in paragraph (c)(2) of this section.

(2) All revenues for current expenditures from local or intermediate sources, except those taken into consideration under any equalized part of the State aid program which are designated for special cost differentials of

the type specified in paragraph (c)(2) of this section.

(3) Pub. L. 81-874 funds received by the agency under sections 2, 3 and 4 of the Act, except to the extent that (i) they are not taken into consideration under the State aid program, and (ii) they exceed the proportion of those funds that the State would be allowed to take into consideration under § 222.66 of this subpart; and

(4) Any other Federal funds received by the agency for which the agency is not accountable to the Federal Government for their use such as Federal Forest Reserve funds (16 U.S.C. 500).

(Authority: 30 U.S.C. 240(d)(2))

§ 222.64 Wealth neutrality test.

(a) *General rule.* (1) The Secretary will consider a State aid program to have met the requirement of § 222.62(d) if no less than 85 percent of the total State, intermediate, and local revenues for current expenditures for all local educational agencies in the State are wealth neutral revenues for the Fiscal Year for which a determination is made under this subpart.

(2) Paragraphs (b) and (c) of this section set forth rules for determining which State, intermediate, and local revenues are "wealth neutral revenues."

(3) With respect to calculations under paragraph (c) of this section, extra yields due to special cost differentials established under State law are considered wealth neutral. There are two allowable categories of special cost differentials:

(i) Those associated with pupils having special educational needs, such as handicapped children, economically disadvantaged children, and gifted and talented children; and

(ii) Those associated with sparsity or density of population, cost of living, or special socioeconomic characteristics within the area served by an agency.

(b) *General definition.* "Wealth neutral revenues" are those revenues received by a local educational agency which are not derived from any wealth advantage that a local educational agency may have over any other agency in a State.

(c) *Rules of application.* (1) All State and local revenues considered under a State school finance equalization program are wealth neutral to the extent that each local educational agency receives the same amount of dollars per pupil under that program for the same tax effort and is allowed by the State to spend as much per pupil as any other local educational agency in the State under the program. Revenues in excess of those determined to be equally available to all local educational agencies under the program are not wealth neutral except those for special cost differentials specified in paragraph (a)(3) of this section.

*Example No. 1.* An equalization program requires all local educational agencies to contribute the yield of a 10 mill property tax to the equalization program. The State contributes to each local educational agency an amount that when combined with the local contribution provides an amount of \$1,000 per pupil. If no local educational agency receives more or less than \$1,000 per pupil under the program, then that amount per pupil in all local educational agencies is wealth neutral. If some local educational agencies earn more than \$1,000 per pupil from the 10 mill tax and are allowed to spend those excess revenues, then those excess revenues are not wealth neutral.

*Example No. 2.* If, under the program described in Example No. 1, the State restricts budget, expenditures, or tax effort increases so that some local educational agencies receive less than \$1,000 under the program, amounts above the least amount received by any local educational agency are not wealth neutral.

*Example No. 3.* If, under the program described in Example No. 1, the State establishes for some local educational agencies a guarantee level which is less or more than \$1,000 because of prior expenditure levels and still requires all local educational agencies to contribute the yield of a 10 mill property tax to the program, only the amounts up to the least amount received by any local educational agency is wealth neutral.

*Example No. 4.* An equalization program guarantees to each local educational agency the difference between \$100 per pupil per mill levied and the actual local yield per mill levied. If no local educational agency receives more or less than \$100 per pupil per mill levied, then that amount per pupil in all local educational agencies is wealth neutral. If the yield per pupil per mill levied is greater than \$100 for some local educational agencies and those agencies are allowed to spend those excess revenues, then those excess revenues are not wealth neutral.

*Example No. 5.* If, under the program described in Example No. 4, the State restricts budget, expenditure, or tax effort increases so that some local educational agencies are restricted from levying the same number of mills as other local educational agencies, then amounts above the least amount which could be received by any local educational agency under the program are not wealth neutral.

*Example No. 6.* If, under the program described in Example No. 4, the State establishes for some local educational agencies a guarantee level which is less or more than \$100 per pupil per mill levied because of prior expenditure levels, only the amounts up to the least amount received by any local educational agency is wealth neutral.

(2) All State revenues received by a local educational agency under any other program or State aid are wealth neutral to the extent that each local educational agency receives the same dollar amount per pupil from such programs. Revenues in excess of those determined to be equally available to all local educational agencies under such program are not wealth neutral except those revenues for special cost differentials specified in paragraph (a)(3) of this section.

*Example No. 1.* A State distributes a payment of \$100 per pupil for instructional materials to all local educational agencies. These amounts are wealth neutral.

*Example No. 2.* A State distributes variable per pupil payments to some or all local educational agencies for such purposes as transportation, special education, compensatory education, vocational education, geographic isolation, or for urban factors. These amounts are wealth neutral (see paragraph (a)(3) of this section).

*Example No. 3.* A State rebates to local educational agencies a portion of sales or income taxes collected in those local educational agencies. Amounts up to the least amount per pupil received in any local educational agency are wealth neutral.

*Example No. 4.* A State distributes a payment of \$125 per pupil to those districts which receive no State aid under the equalization program because of high wealth. These amounts are not wealth neutral because they are earned on the basis of wealth advantage.

(3) All local educational agency tax revenues not considered under the equalization program are wealth neutral to the extent that each local educational agency receives the same amount of dollars per pupil for the

same tax effort and is allowed by the State to spend as much per pupil as any other local educational agency in the State.

*Example No. 1.* A State allows local educational agencies to levy taxes on property (or other bases) independent of the equalization program. Amounts up to the least amount received per pupil per unit of tax effort are wealth neutral.

*Example No. 2.* Because of budget, expenditure, or tax effort increase limitations, some local educational agencies are restricted from levying the same number of mills as other local educational agencies. Amounts above the least amount which could be received by any local educational agency are not wealth neutral.

(4) All local educational agency non-tax revenues which are not considered under the equalization program are wealth neutral to the extent that each local educational agency receives and is allowed to spend the same amount of dollars per pupil of such revenues.

*Example No. 1.* A State allows local educational agencies to earn and spend certain non-tax revenues such as interest earnings on deposits. Amounts up to the least amount per pupil received of such revenues by any local educational agency are wealth neutral.

*Example No. 2.* Because of budget or expenditure increase limitations, some local educational agencies are restricted from spending the same amount of dollars per pupil as other local educational agencies. Amounts up to the least amount per pupil which could be spent by any local educational agency are wealth neutral.

(d) The percent of wealth neutral revenues in a State program will be determined by:

(1) Calculating the total wealth neutral revenues for all local educational agencies in the State;

(2) Dividing the total of wealth neutral revenues by the total of all State, intermediate, and local revenues; and

(3) Multiplying by 100.

(e) In cases where per pupil amounts are necessary for calculations, those amounts will be calculated using whatever standard measurement of pupil count or other unit of need used in the State aid calculations.

(f) Further examples illustrating the use of the criteria for determining wealth neutral revenues are contained in the appendix.

(Authority: 20 U.S.C. 240(d)(2)); S. Rep. No. 763, 93d Cong., 2d Sess. (1974); H.R. Rep. No. 808, 93d Cong., 2d Sess. (1974); Congressional Research Service, *Public Law 874 and State Equalization Plans* (H.R. Comm. Print (1974))

(42 FR 65524, Dec. 30, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980)

§ 222.65 Consideration for exceptional circumstances.

(a) *General requirements.* A State program which does not conform to the standards of either § 222.63 or § 222.64 of this subpart may, nevertheless, qualify under this section if the Secretary determines on the basis of information submitted by the State, that:

(1) A decision not to apply the exact disparity standard specified in § 222.63 to the program submitted by the State would be justifiable because of exceptional circumstances within the State related to disparities in current expenditures or revenue per pupil for education;

(2) A decision not to apply the wealth neutrality standard in § 222.64 would be justifiable because of exceptional circumstances related to the coverage of educational expenditures by the State equalization program;

(3) Current expenditures or revenues for education in that State will be more equalized if payments under the Act are taken into consideration under this subpart than if they are not; and

(4) The program meets the requirements of paragraph (c) of this section.

(b) *Determination of "more equalized."* For purposes of paragraph (a)(3) of this section, current expenditures or revenues for education within a State are considered "more equalized" if the distribution around the mean per pupil expenditure for all local educational agencies within the State is less when payments under the Act are taken into consideration than when they are not, as calculated according to accepted statistical methods appropriate to the circumstances.

(c) *Specific program requirements.* A program of State aid considered under this section is not considered a program designed to equalize expenditures among local educational agencies in the State unless the Secretary finds

that, in addition to meeting the requirements of the preceding paragraphs—

(1) The amount of the revenue available to local educational agencies in the State is not predominantly a function of the wealth of individual local educational agencies;

(2) The program is designed to ensure the provision of financially adequate educational programs and supportive services for every pupil in the State who is enrolled in public schools;

(3) In the determination of the relative financial need of local educational agencies, that program (i) makes provision for identifying those pupils with special educational needs (such as handicapped children, economically disadvantaged children, children with limited English-speaking ability), (ii) takes into consideration the additional costs of providing free public education for such children or categories of children; and (iii) takes into consideration the costs of providing education which might be associated with such factors as sparsity or density of population, cost of living, and socio-economic characteristics of the local educational agencies; except that nothing in this clause shall be construed to require any particular system of weighting of pupils.

(4) The program involves a substantial percentage of school revenues;

(5) The program is designed to provide systems and procedures for evaluating the degree to which the program is achieving its stated objectives.

(Authority: 20 U.S.C. 240(d)(2); S. Rep. No. 763, 93d Cong., 2d Sess. 58 (1974); H.R. Rep. No. 805, 93d Cong., 2d Sess. 42-44 (1974); 102 Cong. Rec. S 8604-8607 (daily ed., May 20, 1974); *Id.*, H 7401 (daily ed., July 31, 1974); Congressional Research Service, *Public Law 874 and State Equalization Plans* 30-34 (H.R. Comm. on Education and Labor Print (March 1974))

[42 FR 65526, Dec. 30, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980]

§ 222.66 Proportion of funds that may be taken into consideration.

(a) *Provision of law.* Section 5(d)(2)(A)(ii) of the Act provides that, in allocating State aid a State may consider as local resources funds re-

ceived under the Act only in proportion to the share that local revenues covered under a State equalization program are of total local revenues. That determinations of proportionality must be made on a case-by-case, school district by school district basis, for each local educational agency affected and not on the basis of a general rule to be applied throughout a State.

(Authority: 20 U.S.C. 240(d)(2)(A)(ii); S. Rep. No. 1026, 93d Cong., 2d Sess., 163 (1974))

(b) *Computation of proportion.* (1) In computing the share that local revenues covered under a State equalization program are of total local revenues for a local educational agency with respect to a program qualifying under § 222.62, the proportion is obtained by dividing (i) the amount of local revenues covered under the equalization program by (ii) the total local revenues attributable to current expenditures for free public education within such agency.

(2) In cases where there are no local revenues for current expenditures and the State provides all of those revenues on behalf of the local educational agency, the State may consider up to 100 percent of the funds received under the Act by that agency in allocating State aid.

(Authority: 20 U.S.C. 240(d)(2)(A)(ii); 102 Cong. Rec. H. 7403 (daily ed., July 31, 1974))

(c) *Local revenues.* For the purposes of this section—

(1) "Local revenues covered under a State equalization program" means those revenues for current expenditures produced within the boundaries of a local educational agency contributed to or taken into consideration in a program of State aid subject to a determination under this subpart, but excluding all revenues from State and Federal sources.

(2) "Total local revenues" means all revenues for current expenditures of a local educational agency, including revenues for education programs for children needing special services, vocational education, transportation, and the like during the period in question

but excluding all revenues from State and Federal sources.

(3) Revenues received by a local educational agency which are produced within the boundaries of an intermediate school district or other local governmental instrumentality will be counted as local revenues.

(d) *Application of proportion to payments under the Act.* (1) The proportion established under this section (or a lesser proportion) for any local educational agency receiving payments under the Act may be applied by a State to actual receipts of those payments or to the prorated entitlements provided for under section 5 of the Act and § 222.26 of Subpart C.

(2) That proportion may not be applied to any portion of a payment under the Act made to a local educational agency on the basis of low-rent public housing pupils or handicapped children after July 1, 1975.

(Authority: 20 U.S.C. 240(d)(2); 102 Cong. Rec. H 7412 (daily ed., July 31, 1974))

[42 FR 15546, Mar. 22, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 51 FR 6112, Feb. 20, 1986]

§ 222.67 Assurances in applications.

(a) *By applicants.* Each applicant for financial assistance under the Act must set forth an assurance in its application either (1) that the State in which it is situated is not taking payments to such applicant under the Act into consideration with regard to a program of State aid, or (2) that, if the State is taking such payments into consideration with regard to its program of State aid, the State is doing so, for that applicant, in conformity with § 222.66 of this subpart.

(b) *By State educational agencies.* Each State educational agency which certifies an application for financial assistance under the Act, as provided for in § 222.10 of this part, must submit to the Secretary an assurance with such application either (1) that the State is not taking payments under the Act into consideration with regard to a program of State aid, or (2) that the State is taking such payments into consideration with regard to a program of State aid in conformity with section 5(d)(2) of the Act and this subpart.

(c) *State guarantee of certain payments.* A further assurance is required of any State which does not take into consideration payments under the Act in allocating State aid to local educational agencies. The State must assure, for each application it certifies in accordance with § 222.10 of this part, that it will reimburse any local educational agency the amount of any of those payments taken into consideration but not in fact received by the agency by the time of final payment under the Act for the year of determination. The State must also include this assurance as part of any submission for determination under § 222.68 of this subpart.

(d) *Failure to provide assurances.* A failure on the part of any local or State educational agency to set forth the assurances required by this section constitutes sufficient cause for an initiation of proceedings by the Secretary, as provided for in § 222.68 of this subpart. However, the Secretary will not, because of a failure to provide these assurances, suspend or terminate payments under the Act with respect to such agencies prior to the rendering of a final decision under this subpart.

(Authority: 20 U.S.C. 240(d); S. Rep. No. 1026, 93d Cong., 2d Sess. 163 (1974))

§ 222.68 Submissions and consultations.

(a) *Initiation.* (1) A proceeding under this subpart leading to a determination by the Secretary as to whether, or the extent to which a State may take into consideration payments under the Act in determining relative financial resources or need under a program of State aid may be initiated (i) by the State educational agency or other appropriate agency of the State; (ii) by a local educational agency which is or would be adversely affected by that State action; or (iii) by the Secretary, if the Secretary has reason to believe that the State's action is in violation of section 5(d) of the Act and that payments to local educational agencies in the State should therefore be terminated under section 5(d) of the Act.

(2) Whenever a proceeding under this subpart is initiated, the party ini-

plating the proceeding shall give adequate notice to all State and local agencies which might be adversely affected by a determination. Those agencies will be accorded a right of intervention in the determination proceedings.

(3) Nothing in this subpart shall be construed to prohibit a State which has not obtained a prior determination from the Secretary under this subpart from taking into consideration payments under the Act as provided for in section 5(d)(2) of the Act if that action is in conformity with §§ 222.62 and 222.66 of this subpart.

(Authority: 20 U.S.C. 240(d)(2); H.R. Rep. No. 805, 93d Cong., 2d Sess., 42-43 (1974))

(b) *Submission.* (1) A submission by a State or local educational agency under this section must be made in the manner requested by the Secretary and must contain such information and assurances as may be required by the Secretary in order to reach a determination under section 5(d) of the Act and this subpart.

(2) A State educational agency in a submission must (i) demonstrate how its program of State aid comports with the criteria and standards in § 222.62 and (ii) indicate for each local educational agency receiving funds under the Act the proportion of those funds which will be taken into consideration in accordance with § 222.66.

(3) A local educational agency in a submission must demonstrate how it is affected by (i) the action of the State and (ii) the applicability of the standards set forth in this subpart to such action.

(4) Whenever a proceeding is initiated under this subpart, the Secretary may request from a State the data deemed necessary to make a determination. A failure on the part of a State to comply with that request within a reasonable period of time shall result in a summary determination by the Secretary that the program of State aid of that State does not comport with the regulations under this subpart.

(c) *Advance consultation.* States may upon request consult with the Department regarding the possible application of the requirements of this sub-

part to relevant proposed legislation (such as legislation providing for taking into account funds under the Act in determining the amount of State aid) prior to the adoption of the legislation.

(Authority: 20 U.S.C. 240(d))

§ 222.69 Notice and opportunity for hearing.

(a) *General requirements.* The Secretary will afford reasonable notice of a determination under this subpart and opportunity for a hearing to any State educational agency or local educational agency adversely affected by the determination. The Secretary will afford the notice and opportunity for a hearing and the hearing (if requested) shall take place prior to the implementation by the Secretary of any determination. The notice shall set forth the reasons for the determination in sufficient detail to enable the agencies to respond.

(b) *Requests for hearing.* (1) A State or local educational agency which is adversely affected by a determination under section 5(d) of the Act and this subpart and which desires a hearing regarding that determination must submit a written request for a hearing within 30 days after the Secretary gives appropriate notice. The time within which a request must be filed will not be extended unless the time for filing the request is extended in writing by the Secretary or the Secretary's designee at the time notice of the determination is given.

(2) A request for a hearing in accordance with this section must specify the issues of fact and law to be considered.

(3) If a local educational agency requests a hearing it must furnish a copy of the request to the appropriate State educational agency. If a State requests a hearing, it must furnish a copy of the request to all local educational agencies whose payments under the Act are or would be taken into consideration in the allocation of State aid.

(c) *Time and place of hearing.* The hearing shall be held at a time and place fixed by the Secretary or the Secretary's designee (with due regard

to the mutual convenience of the parties).

(d) *Counsel.* In all proceedings under this section, all parties shall have the right to be represented by counsel.

(e) *Proceedings.* The Secretary may refer the matter in controversy to a hearing officer or to a hearing panel designated by the Secretary for such purpose. The hearing officer or hearing panel may consist of or include persons who are employees of the Department, employees of other Federal departments and agencies, and persons who are not Federal employees.

(f) *Procedural rules.* (1) If in the opinion of the hearing officer or panel no dispute exists as to a material fact the resolution of which would be materially assisted by oral testimony, the hearing officer or panel shall afford each party to the proceeding an opportunity for presenting its case at the option of the hearing officer or panel (i) in whole or in part in writing or (ii) in an informal conference which shall afford each party sufficient notice of the issues to be considered (where such notice has not previously been afforded).

(2) With respect to hearings involving a dispute as to a material fact the resolution of which would be materially assisted by oral testimony, the hearing officer or panel shall afford each party, in addition to the notice of issues required by paragraph (f)(1)(ii) of this section, the following:

(i) An opportunity for a record of the proceedings;

(ii) An opportunity to present witnesses on the party's behalf; and

(iii) An opportunity to cross-examine other witnesses either orally or through written interrogatories.

(g) *Decisions.* When a hearing officer or panel is designated to consider the matter, the officer or panel shall make an initial decision based upon written findings, which shall be forwarded to the Secretary. The Secretary may, by appropriate notification to the parties, determine to review it or certify it as the final decision of the Secretary without further proceedings. Written notice of the initial decision shall be sent to all parties. In any case in which the Secretary modifies or reverses the initial decision, a notice

of that action shall be accompanied by a written statement of the grounds for the reversal or modification. Notice of the final decision of the Secretary shall be served upon all parties to the hearing, the hearing panel and any local educational agency which may be adversely affected thereby.

(h) *Effect on payments.* (1) When an appropriate request for a hearing under this section has been made the Secretary will not suspend or terminate payments to a local educational agency under the Act on the basis of section 5(d)(1) of the Act until a final decision with respect to the matter in controversy has been made under this subpart.

(2) If a State has been finally determined, after notice and opportunity for hearing, to have been taking into consideration payments under the Act in violation of sections 5(d)(1) and (2) of the Act, the Secretary shall terminate payments under the Act to all local educational agencies in that State unless the State provides satisfactory assurances within thirty (30) days after receiving notice of a final decision, that it will restore to all affected local agencies any State aid which was denied the agencies because of those payments.

(3) If a State has been finally determined, after notice and opportunity for a hearing, to have been taking into consideration payments under the Act in excess of the proportion computed under § 222.66 of this subpart, the Secretary shall terminate payments under the Act to all local educational agencies in that State, unless the State provides satisfactory assurances, within thirty (30) days after receiving notice of a final decision, that it will reimburse all affected local educational agencies for the excess amount of payments taken into consideration in the allocation of State aid and that thereafter it will only take into consideration payments under the Act in the proportion permitted.

(4) During the thirty days provided under paragraphs (h)(2) and (3) of this section, for a State to provide satisfactory assurances, the Secretary will suspend payments under the Act to all local educational agencies in the State. However, if during that time

the State does provide the assurances required, the Secretary will lift the suspension of payments.

(Authority: 20 U.S.C. 240(d), 242(b); S. Rep. No. 1026, 93d Cong., 2d Sess. 183 (1974))

#### Subpart H—Handicapped Children and Children With Specific Learning Disabilities

SOURCE 43 FR 19762, May 8, 1978, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

##### § 222.70 General.

(a) *Scope.* The regulation in this Subpart governs the provision of financial assistance to local educational agencies which provide free public education to handicapped children who are claimed under section 3(d)(2)(C) of the Act. The regulation, however, is not alone in governing the relationship between the local educational agency and the handicapped child. Other statutes and regulations which may be pertinent in a particular instance are section 504 of the Rehabilitation Act of 1973 (20 U.S.C. 706 and 34 CFR Part 104 ff.), the Education of the Handicapped Act, as amended by the Education for All Handicapped Children Act of 1975 (20 U.S.C. 1401 et seq. and 34 CFR Part 300 ff.), and section 121 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241c-1 and 34 CFR Part 200).

(b) *Purpose.* The purpose of the regulation in this Subpart is to set forth the requirements, interpretations, and guidance necessary to implement section 3(d)(2)(C) of the Act.

(c) *Definitions.* For the purposes of this Subpart, the following terms are defined as indicated:

(1) "Children with specific learning disabilities" means those children who have a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations. These disorders include conditions such as perceptual handicaps, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia. The term does

not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, or of environmental, cultural, or economic disadvantage.

(2) "Education of the Handicapped Act" means Pub. L. 91-230, as amended (20 U.S.C. 1401 et seq.).

(3) "Free public education" means free appropriate public education as used in the Education of the Handicapped Act and as defined in 34 CFR 300.4. In particular, this means special education and related services which:

(i) Are provided at public expense, under public supervision and direction, and without charge,

(ii) Meet the standards of the State educational agency, including the requirements of this part,

(iii) Include preschool, elementary school, or secondary school education in the State involved, and

(iv) Are provided in conformity with an individualized education program which meets the requirements under 34 CFR 300.340-300.369.

(4) "Handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired, deaf-blind, multi-handicapped children, or as having specific learning disabilities, who because of those impairments need special education and related services.

(5) "Preschool program" means an educational or related program encompassing the educational level from a child's birth to the time at which elementary education is provided as determined under State law, provided that this program is recognized as free public education under State law.

(6) "Related needs" means those needs related to a handicap or specific learning disability for which related services, in addition to direct instructional services, are deemed necessary so that the child may effectively participate in the instructional program of the local educational agency.

(7) "Related services" means transportation and other developmental, corrective, and other supportive services (including speech pathology and

audiology, psychological services, physical and occupational therapy, recreation, and medical and counseling services, except that these medical services shall be for diagnostic and evaluation purposes only) required to assist a handicapped child to benefit from special education, and includes the early identification and assessment of handicapping conditions in children.

(Authority: 20 U.S.C. 238(d)(2)(C))

[43 FR 19762, May 8, 1978. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 45 FR 88299, Dec. 30, 1980]

##### § 222.71 Eligibility requirements.

(a) In order that a handicapped child may be counted for the purpose of an increased entitlement under section 3(d)(2)(C) of the Pub. L. 81-874, the Act requires that a child must—

(1) Have a parent on active duty in the uniformed services, as defined by section 101 of Title 37 United States Code, or

(2) Reside on Indian lands, as described in section 403(1)(A) of the Act;

(3) Be receiving services suited to the child's special educational and related needs; and

(4) Be enrolled in a program (including a preschool program if appropriate) which is of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the child's special educational and related needs provided as part of free public education in the local educational agency.

(b) The applicant agency must meet the regular eligibility requirements of Pub. L. 81-874 under section 3(c) to receive the increase in entitlement under section 3(d)(2)(C). However, there is no minimum number of handicapped children who must be served for the agency to receive the increase in entitlement.

(c) The program provided the handicapped children claimed under section 3(d)(2)(C) of the Act must conform to State standards for programs for handicapped children and must encompass the specific educational and related needs of the children claimed.

(Authority: 20 U.S.C. 238(a)(b)(d)(2)(C); 240(f); Sen. Rept. No. 93-1026, p. 169 (1974);

*Chinle Common School District v. Mathews*, Civil No. 78-1273 (D. D.C., 1978))

##### § 222.72 Application procedures.

(a) The applicant agency must state the number of handicapped children it claims under section 3(d)(2)(C) of the Act in the application filed in accordance with procedures set forth in Subpart B of this regulation published separately.

(b) The applicant agency must provide the assurances and certifications required under § 222.73 of this subpart as part of the application mentioned in paragraph (a) of this section.

(c) The Secretary may require information in addition to that contained in the application in order to substantiate compliance with assurances provided with the application.

(Authority: 20 U.S.C. 238(d)(2)(C), 242)

##### § 222.73 Assurances and certifications.

(a) *Size, scope, and quality of the programs.* (1) For each applicant for assistance under the Act which is based in any part upon children who are counted under section 3(d)(2)(C) of the Act, the applicant agency must provide an assurance that these children are receiving services in programs (including preschool programs) which are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the special educational and related needs of these children. The Secretary will consider any special education program serving the special educational needs of these children which conforms to the requirements for special education programs under Part B of the Education of the Handicapped Act as satisfying the assurance.

(2) For each application containing the assurance required by paragraph (a)(1) of this section, the applicant agency must also provide a certification from its State educational agency that the particular program(s) provided by the applicant conform(s) to State standards for programs for these types of children.

(b) *Education of the Handicapped Act requirements.* (1) For each applicant for assistance under the Act which is based in any part upon a de-

termination under section 3(d)(2)(C) of the Act, the applicant agency must provide an assurance that the programs designed to meet the special educational and related needs of children determined under that section conform to the policies and procedures required in fulfillment of requirement under sections 612 and 613 of the Education of the Handicapped Act.

(2) For each application containing the assurance required by paragraph (b)(1) of this section, the applicant agency must provide a certification from the State educational agency that the program provided by the applicant conforms to the requirements of sections 612 and 613 of the Education of the Handicapped Act.

(3) In undertaking any further determination whether these State standards and programs conform to the policies and procedures required under sections 612 and 613 of the Education of the Handicapped Act, the Secretary shall consult with persons in charge of special education programs for handicapped children and children with specific learning disabilities in the State education agency.

(Authority: 20 U.S.C. 238(3)(2)(C); H.R. Rept. No. 93-805, pp. 43-46 (1974); Sen. Rept. No. 93-1028, p. 46 (1974); Cong. Record, daily ed., H7396, July 31, 1974)

#### § 222.74 Use of section 3(d)(2)(C) funds.

(a) *General.* Section 5(f) of the Act requires that the amount of a payment to an applicant which is attributable to a determination under section 3(d)(2)(C) of the Act must be used for special programs and projects designed to meet the special educational needs of the children counted under that provision. Only payments related to the increase in entitlement affected by section 3(d)(2)(C) must be used in this manner. Payments related to the basic entitlement provided under section 3(c) for those children do not have to be used in this manner.

(Authority: 20 U.S.C. 240(f))

(b) *Duration of availability of funds.* An applicant may obligate and expend funds received for section 3(d)(2)(C) until the end of the fiscal year succeeding the fiscal year for which they were appropriated. The recipient

agency must return those funds to the Department that it has not obligated by the end of that period.

(Authority: 20 U.S.C. 1225(b))

(c) *Methods of obligation and expenditure of funds.* Obligations and expenditures may be incurred for the uses authorized under section 5(f) of the Act and paragraph (a) of this section in either of two ways:

(1) The applicant agency may reimburse itself for obligations or expenditures from local funds already made during the fiscal year for which the funds were appropriated or during the following fiscal year. Those obligations or expenditures must have been for appropriate programs or projects serving the children from whom the funds under section 3(d)(2)(C) were paid; or

(2) The applicant agency may obligate or spend these funds on a current basis during the fiscal year for which the funds were appropriated or during the following fiscal year. The obligations or expenditures must be for programs or projects serving the children for whom the funds under section 3(d)(2)(C) were paid.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(f), 242)

(d) *Allowable expenditures.* An agency receiving funds under section 3(d)(2)(C) of the Act shall use those funds for the following types of expenditures:

(1) Expenditures which are reasonably related to the conduct of programs or projects for the education of handicapped children which meet the requirements of this section. These expenditures may include planning, evaluating and disseminating of the results of those programs or projects but may not include the construction of school facilities;

(2) Expenditures for equipment to meet the special educational needs of the handicapped children counted under section 3(d)(2)(C). If funds received under section 3(d)(2)(C) of the Act are used for the acquisition of equipment and an financial advantage is realized through bargains, rebates, discounts, bonuses, free pieces of equipment (not used in the program

or project covered by this paragraph) or other circumstances, the fair market value of that financial advantage is not an allowable expenditure and shall not be credited as an expenditure of those funds.

In no case may funds provided by section 3(d)(2)(C) be used to acquire equipment when the title to that equipment would be in a private school and not in the applicant agency.

(e) *No supplanting of State funds.* The use of funds provided under section 3(d)(2)(C) of the Act shall not supplant any State funds which were or would have been available to the applicant agency for the free public education of children counted under section 3(d)(2)(C).

(1) The applicant agency must spend at least the same amount, per pupil, of State general aid funds and State handicapped education funds on children counted under section 3(d)(2)(C) as it does for other similarly handicapped children enrolled in the schools of the agency.

(2) A reduction in the amount, per pupil, of State aid spent on children counted under section 3(d)(2)(C) of the Act from that spent in a previous year raises a presumption that supplanting has occurred. This presumption may be rebutted by the applicant agency demonstrating that an equivalent reduction was made in the amount, per pupil, spent on other handicapped children enrolled in the schools of the agency.

(Authority: 20 U.S.C. 235, 238, 240 and 242(b))

#### § 222.75 Per pupil expenditure requirement.

(a) *Expenditures for children eligible under section 3(d)(2)(C).* Expenditures per pupil by an applicant agency from State, local, and section 3(d)(2)(C) funds for handicapped children enrolled in programs serving children counted under section 3(d)(2)(C) must be greater than the expenditure per pupil for all children, other than handicapped children, receiving free public education in the schools of that agency.

(b) *Computation.* In determining whether an agency fulfills the requirement stated in paragraph (a) of this section, the following computations must be made:

(1) Divide the total current expenditures from State, local, and section 3(d)(2)(C) funds for special educational programs by the total number of children who are being served in the special educational programs of the agency.

(2) Divide the total current expenditures from State and local funds for children receiving a free public education from the agency who are not handicapped children by the total number of those children who are not handicapped.

(3) If the figure obtained under paragraph (b)(1) of this section, exceeds the figure obtained in paragraph (b)(2) of this section, the applicant agency has fulfilled the requirement of paragraph (a) of this section.

(c) *Records and information required of an applicant agency.* An applicant agency which receives funds under section 3(d)(2)(C) must keep records of the expenditures for children receiving a free public education in its schools in such a manner to permit the computation set forth in paragraph (b) of this section. Furthermore, when requested, that agency must furnish to the Secretary whatever information or data the Secretary considers necessary to substantial compliance with the requirements of this section.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(f); H. Rept. No. 93-763, p. 45 (1974))

#### § 222.76 Relation to section 5(d)(2) of the Act.

(a) Section 5(d)(2) of the Act provides that States having a State aid program designed to divide expenditures for children equally among local educational agencies in the State, which conform to Subpart B, may consider payments received by an agency under Pub. L. 81-874 as local resources in determining the need for or the amount of State aid allocated to that agency. A regulation setting forth these standards appears in Subpart B of this part.

(b) Whether or not a State has a program of State aid that meets the requirements of section 5(d)(2) of the Act, payments provided under section 3(d)(2)(C) may not be considered by a State in determining the need for or the amount of State aid which will be allocated to a local educational agency receiving those payments.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(d), (f), 242(b))

§ 222.77 Children in private schools.

(a) An applicant may place a handicapped child in, or refer a handicapped child to a private school or facility, so long as it follows the policies and procedures for doing so established under section 613 of the Education of the Handicapped Act. Regulations implementing those policies and procedures are set forth in 34 CFR Part 300. The applicant must have placed the handicapped child in, or have referred the children to, the private school or facility that he or she is attending in order for the child to be counted under section 3(d)(2)(C) of Pub. L. 81-874.

(b) If placement in a public or private residential program is necessary to provide a free public education to a handicapped child because of his or her handicap, the program, including non-medical care and room and board, shall be provided at no cost to the child or his or her parents or guardian.

(c) Children who have been placed in private schools by the parents may participate in public school programs which use section 3(d)(2)(C) funds.

(Authority: 20 U.S.C. 238, 240(f), 242(b), E. Rept. 93-763, p. 45 (1974))

§ 222.78 Individualized educational programs and parental involvement.

(a) Each applicant must have in effect a written individualized educational program for a child counted under 3(d)(2)(C) of the Act. This program must:

- (1) Be in effect before special education and related services are provided to the child; and
- (2) Be implemented as soon as possible after meetings held for the pur-

pose of developing, reviewing or revising the child's program.

(b) Each applicant must provide for the participation of and consultation with parents or guardians of handicapped children counted under section 3(d)(2)(C) of the Act in the children's educational development.

(c) Each applicant must take steps to insure the involvement of a handicapped child's parents or guardian in meetings held for the purpose of developing, reviewing or revising that child's educational program.

(d) Each applicant shall take steps to insure that one or both of the parents of the handicapped child are present at each meeting or are afforded the opportunity to participate, including:

- (1) Notifying parents of the meeting early enough to insure that they will have an opportunity to attend; and
- (2) Scheduling the meeting at a mutually agreed on time and place.

(e) The notice under paragraph (d)(1) of this section must indicate the purpose, time, and location of the meeting, and who will be in attendance.

(f) If neither parent can attend, the applicant shall use other methods to insure parent participation, including individual or conference telephone calls.

(g) A meeting may be conducted without a parent in attendance if the applicant is unable to convince the parents that they should attend.

(h) The applicant shall take whatever action is necessary to insure that the parent understands the proceedings at a meeting, including arranging for an interpreter for parents who are deaf or whose native language is other than English.

(i) The applicant shall give the parent, on request, a copy of the child's educational program.

(j) An applicant which satisfies, for children counted under section 3(d)(2)(C), the requirements of Part B of the Education of the Handicapped Act regarding the involvement of parents of handicapped children will have satisfied the requirements of this section.

(Authority: 20 U.S.C. 233(d)(2)(C), 240(f), 242(b), 1231(d))

§ 222.79 Applicability of other statutory and regulatory requirements.

(a) *Applicability of General Provisions Regulations.* Relevant provisions contained in Parts 75 and 77 of this chapter are applicable to programs conducted under section 3(d)(2)(C), with the following exceptions:

- Sec. 100a.15 Applications for grants or contracts.
- 100a.26 Review of applications.
- 100a.27 Disposition of applications.
- 100a.31 Preapplications.

SUBPART C—APPLICATION FORMS FOR STATE AND LOCAL GOVERNMENTS

- 100a.64 Duration of projects.
- 100a.62 Payment methods for nonconstruction projects.
- 100a.71 Checks-paid basis letter of credit.

SUBPART P—FINANCIAL REPORTING REQUIREMENTS

- 100a.405 Request for advance or reimbursement.

SUBPART Q—MONITORING AND REPORTING OF PROGRAM PERFORMANCE

- 100a.432 Performance reports for nonconstruction projects.

(Authority: 20 U.S.C. 1221c(b)(1); 20 U.S.C. 242(b); OMB Cir. A-102)

(b) *Applicability of civil rights and related requirements.* Payments provided under section 3(d)(2)(C) are subject to the requirements of the following laws and regulations: Title VI of the Civil Rights Act of 1964 (34 CFR Part 100); Title IX of the Educational Amendments of 1972 (34 CFR Part 108); and section 504 of the Vocational Rehabilitation Act of 1973 (34 CFR Part 104).

(Authority: 42 U.S.C. 200d; 20 U.S.C. 1681, 29 U.S.C. 794)

Subpart I—Entitlements Related To Low-Rent Public Housing

Source: 43 FR 19765, May 8, 1978, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

§ 222.80 General.

(a) *Scope.* The regulation in this subpart concerns entitlements calculated under section 3 of the Act with respect to children who reside on low-rent public housing or who reside with a parent who is employed on low-rent public housing.

(b) *Purpose.* The purpose of the regulation in this Subpart is to implement the requirement stated in section 5(e)(3) of the Act that funds paid to local educational agencies with respect to the children described in paragraph (a) of this section must be used for special programs and projects designed to meet the special educational needs of educationally deprived children. This regulation establishes particular procedural and substantive requirements regarding the application for and use of these funds.

(c) *Definitions.* For the purposes of this subpart, the following terms are defined as indicated:

- (1) "Educationally deprived children" means (1) children who have need for special educational assistance in order that their level of achievement can be raised to that appropriate for children of their age; and (2) children who are handicapped, as defined in 34 CFR 222.70(c).

(Authority: 20 U.S.C. 240(e), 242(b), 1401(1))

(2) "Low-rent public housing" means any low-rent public housing, whether or not owned by the United States, which is part of a low-rent housing project, assisted under the United States Housing Act of 1937, section 516 of the Housing Act of 1949, or part B of title III of the Economic Opportunity Act of 1964.

(Authority: 20 U.S.C. 240(e), 244(1)(c))

(3) "Section 5(e)" means section 5(e) of Pub. L. 81-874.

(Authority: 20 U.S.C. 240(e))

(4) "Title I" means title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241a et seq.) (Authority: 20 U.S.C. 240(e))

§ 222.81 Use of section 5(e) funds.

(a) *General.* Section 5(e)(3) of the Act requires that an applicant which

# MEMORANDUM

State of Alaska

TO: Marshall L. Lind, Commissioner  
Department of Education

DATE: March 25, 1987

FILE NO.:

THRU: Richard Luther, Director  
Educational Program Support

TELEPHONE NO.: 465-2970

SUBJECT: SB 119/HB 126

FROM: Laurel Tatsuda, Program Manager  
Bilingual-Bicultural and G/T Education

COPY

The B/B Regulations Task Force has the following recommendations regarding state aid for Bilingual-Bicultural Education:

- a. SB 119/HB 126: Amend Sec. 9 AS 14.17.047 BILINGUAL EDUCATION INSTRUCTIONAL UNITS as follows:

Any funding community in which a bilingual program, approved by the Department, is operated receives a minimum of 0.10 instructional units for bilingual education, and each district in which such a program is operated receives a minimum of 1.00 such unit when the weighted ADM is less than 13 and a minimum of 2.00 such units when the weighted ADM is 13 or higher.

- b. INTENT LANGUAGE:

Sec. 9 AS 14.17 BILINGUAL EDUCATION INSTRUCTIONAL UNITS shall be re-evaluated by the Department of Education for revision based on weighted program costs consistent with proposed revisions to bilingual education regulations.

We believe that these recommendations will alleviate the concerns of districts that were facing substantial reductions in B/B funding under the original SB 119/HB 126 proposal. Approximately 13 districts would gain 1.00 instructional unit or a fraction of 1.00 instructional unit under this change. This proposal will not affect districts that already generate through ADM more than 2.00 Instructional units or districts, with very few B/B students (weighted ADM under 13), in need of only 1.00 instructional unit. Attached is a listing of districts and the estimated gain under this recommendation.

Attachment

cc: Larry Huxel  
Nat Cole  
Bill Mulnix  
Task Force Members

am. will cost  
\$ 800,000

STATE OF ALASKA-DEPARTMENT OF EDUCATION  
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL  
 AMOUNT OF BASIC NEED BY CATEGORY  
 PREPARED 5/03/87 MB26/58119

SCHOOL DISTRICT	K - 12	91/81	SPECIAL EDUCATION	VOC ED	FY88 PROJECTED BASIC NEED	Estimated I.U. Gain	\$\$ GAIN
ADAK	13,668,000	176,200	1367,300	176,200	13,984,200		
ALASKA GATEWAY	14,376,800	169,600	1345,300	169,600	14,869,300	1.00	27,600
ALUTTIK REGION	11,662,400	80	176,200	176,200	11,994,800		
ANCHORAGE	1156,567,600	12,614,400	123,773,200	11,976,400	1184,731,600		
ANNETTE ISLAND	12,084,000	160,000	1252,600	160,000	12,656,600		
BERING STRAIT	112,607,800	1939,600	11,021,200	1175,300	116,743,600		
BREITENBAY	11,783,200	176,200	1169,200	176,200	12,104,800		
CHATHAM	12,677,400	10	1208,200	160,000	12,745,600		
CHUGACH	11,668,200	10	166,600	166,600	11,911,400		
COPPER RIVER	14,267,400	166,600	1380,600	166,600	14,781,200		
CORDOVA	12,313,600	10	1256,800	166,600	12,637,000		
CRAIG	11,254,000	10	1110,400	160,000	11,434,400		
DELTA GREELY	15,157,600	10	1620,400	1106,200	15,894,200	1.00	736,200
DELL DRUMM	12,639,800	176,200	1276,200	176,200	13,268,400	1.00	736,200
FAIRBANKS	156,533,200	1368,600	17,725,600	1786,600	165,413,800		
GALENA	11,362,600	10	188,800	178,000	11,529,400		
HADEN	12,076,000	163,000	1186,600	163,000	12,388,600		
HOODHAM	11,345,000	10	1175,800	163,000	11,603,800		
HYDABURG	1780,000	160,000	199,000	160,000	1999,000		
IGLOOVIEW	14,387,200	178,000	1309,600	178,000	14,852,800	1.00	76,600
JUNEAU	117,234,600	175,600	13,133,800	1308,600	120,752,200	.75	44,400
KAKE	11,072,200	10	1202,200	160,000	11,334,400		
KASHUNWETUT	11,450,800	1177,000	1197,400	178,000	11,903,200		
KENAI	138,723,400	1603,800	14,629,600	1771,000	144,727,800		
KETCHIKAN	110,234,800	160,000	11,608,200	1186,000	111,889,000		
KING CONE	11,132,800	10	1186,000	176,200	11,395,000		
KLAMUCK	11,032,000	10	1184,200	160,000	11,276,200		
KODIAK	112,573,600	1126,000	11,532,600	1133,600	114,765,800	.05	4,800
KOPIK	14,176,000	1117,000	1296,200	161,000	14,640,200	.5	24,200
LAKE & PEKOROLA	14,771,200	176,200	1268,200	164,000	15,199,600	1.00	76,200
LOWER Kuskokwim	123,926,200	14,569,800	12,333,800	1233,200	131,063,000		
LOWER YUKON	111,667,000	1538,600	11,402,200	1192,000	113,731,600		
MAT-SU	138,381,600	166,000	13,926,000	1589,800	142,961,200	.90	54,000
MEER	11,638,600	172,000	1157,800	172,000	11,732,400		
MOE	14,540,200	188,600	1464,200	188,600	15,161,200	1.00	30,400
NORTH SLOPE	118,228,200	1631,800	1783,600	1178,600	119,631,000		
NORTHWEST ARCTIC	116,186,000	1688,600	11,297,800	1147,600	116,237,800		
PELICAN	1619,600	10	163,000	163,000	1645,600		
PETERSBURG	12,748,000	168,000	1378,200	168,000	13,262,200		
PRUDHOE	11,681,600	176,200	1156,000	176,200	11,799,800	1.00	76,200
RAILBELT	12,808,600	10	1152,600	172,000	13,079,800		
SAND POINT	11,143,000	10	1116,400	176,200	11,335,600		
SITKA	16,826,200	160,000	11,058,400	197,200	18,038,800	1.00	60,000
SKAGWAY	1949,200	10	163,000	163,000	1975,200		
SOUTHEAST ISLAND	14,345,200	10	1189,600	160,000	14,594,800		
SOUTHWEST HERTON	13,160,800	1491,800	1279,000	176,200	14,107,800		
ST. PAVY'S	11,118,600	178,000	186,400	178,000	11,361,000		
TANIGWA	1671,200	178,000	178,000	178,000	1815,200		
UNALASKA	11,521,200	176,200	142,800	176,200	11,556,400		
VALDEZ	13,826,800	10	11,753,200	170,800	15,650,800		
WAINWELL	12,333,400	10	1391,200	160,000	12,734,600		
WADUTAI	1995,400	10	1108,600	163,000	1917,000		
WILSON PLATS	13,008,400	145,200	1354,600	145,200	13,553,400	1.00	55,200
WILSON-COYUKUK	14,079,800	178,000	1434,600	190,000	14,482,400	1.00	75,600
YUPIK	12,755,200	1518,600	1301,200	178,000	13,349,000		

\$922,000

TOTALS 1915,541,200 113,729,600 143,754,200 14,827,300 1403,592,400

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/28/87

DATE TURNED INTO OFFICE 5/13/87

Mr. President:

HESS Committee considered CSHB 126(Fin)

public school foundation program, employer contributions to the Teachers' Retirement System, and community school programs;efd.

and recommended:

- [ ] replace with CS FOR ) [ ] same title
[ ] or adopt CS FOR ) [ ] new title
[ ] attached amendment(s) and

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

[ ] letter of intent adopted

Committee [X] attached or [ ] adopted fiscal note(s)
[ ] new [ ] updated or [X] previous
[ ] zero [X] fiscal impact

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members on a list of lines.

OTHER RECOMMENDATIONS

Handwritten signature and other recommendations on a list of lines.

Paul Frank No Pass
Chairman signature and recommendation

[ ] Committee Backup Attached

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

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:

10	ADM	Units
11	1 - 10	2
12	11 - 20	2 + ((ADM-10)/5)
13	21 - 60	4 + ((ADM-20)/8)
14	61 - 120	9 + ((ADM-60)/12)
15	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:

20	School District	Area Cost Differential
21	Adak	1.27
22	Alaska Gateway	1.19
23	Aleutian Region	1.31
24	Anchorage	1.00
25	Annette Island	1.03
26	Bering Strait	1.39
27	Bristol Bay	1.27
28	Chatham	1.03
29	Chugach	1.14

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

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

HB 126

Original sponsor: Rules/Governor

1 IN THE SENATE  
2 CS FOR SENATE BILL NO. 119 (HESS)  
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