

SB

119

FROM: Senator Jay Kerttula

DATE: March 1987

SUBJECT: Features of SB 119; an act relating to the public school foundation program

1. Teachers Retirement System - The school district contribution to TRS is excluded from DOE's definition of "basic need." This is not handled by any additions amendments or repeals of existing school formula language so it must be DOE's intent to cause a change to be made in the operating budget or some other chapter. DOE estimates the cost at about 3.4% of the typical school district's budget or 23 to 26 million total for FY 87-88.

RECOMMENDATION: On page 1, line 29, add: "The employers' contribution to the Teachers Retirement System continues to be a state responsibility and is funded under a separate program." Appropriate an additional 23 to 26 million.

ANALYSIS: DOE's formula will work much better for Mat-Su and Ketchikan if the 3.4% in state funding for TRS is retained as a staff responsibility. If Mat-Su and Ketchikan have to pick up this additional expense, they may not be able to continue their existing education program without bumping against the 5.5 mill lid on local tax effort. These are the numbers for Mat-Su. Ketchikan's situation should be similar:

Mat-Su budget for FY 86-87 excluding debt service and transportation (after Gov. Sheffield's cuts of July '86)	\$46,515,220
Cost to Mat-Su of assuming TRS at 3.4% of \$46,515,220	1,581,516
Mat-Su budget with TRS	<u>\$48,096,736</u>
Maximum that can be raised for above purposes under SB 119 at 5.5 mills (current Mat-Su mill levy equivalent 7.2 mills)	\$46,924,734
Shortfall-mandated state reduction in Mat-Su education program	<u>\$ 1,172,002</u>

The \$46,515,220 budget the Mat-Su school district is now operating under is a lean budget and about 3 million less than what was assumed to be available in May 1986 when the Assembly approved an approximate \$49 million budget - the \$49 million was cut back by about \$3 million in July 1986 in the aftermath of a fall in oil prices. State funding was cut back by about \$3 million.

If the state continued to fund TRS for the Borough at an approximate cost to the state of \$1.6 million, the current Assembly - and subsequent assemblies - could, with a mill levy not exceeding 5.5 mills, appropriate sufficient monies to maintain a program at 1986-87 levels. With a 5.5 mill levy limit, and with an additional \$1,581,516 liability to be paid by borough property taxes, the Borough would be able to achieve FY 86-87 program levels (unless enrollments increased or assessed valuations decreased).

The current and subsequent assemblies may not see fit to maintain funding at FY 86-87 levels, but, if they should want to, the combination of the 5.5 mill lid and the transfer of TRS responsibility would deny them the opportunity to make this decision.

TRS should stay with the state, at least for the fiscal year. The governor could make recommendations to the legislature on the handling of TRS funding for the FY 88-89 fiscal year.

A transfer of TRS responsibility at this time complicates analysis of the affect of SB 119 school finances.

This is the way the DOE change looks at first glance:

Apparent funding:

	Basic Need at 60,000 Per Unit	Deduct Required Local Effort at 4 mills	Deduct 90% Deductible PL 874	FY 88 Proposed State Aid
Mat-Su	\$42,849,600	\$10,867,024	\$18,221	\$31,964,355
Actual funding deduct TRS	<u>1,581,516</u>	<u>10,867,024</u>	<u>18,221</u>	<u>31,964,355</u>
	41,268,084			

Apparent differences in 1986-87 funding and 1987-88 funding:

1987-88	31,964,355	
less TRS	<u>1,581,516</u>	
Adjusted	30,382,839	
1986-87	<u>27,349,497</u>	
	3,043,342	(about 10% actual gain)

\$42,849,600 is within striking distance of the FY 86-87 \$46,515,200 Mat-Su Borough expenditure level; \$41,268,084 is too low to qualify for the term "basic education. The term "basic need" should not be used to describe a unrealistically low level of expenditure.

2. Raising the \$60,000 basic need amount - To further narrow the gap between the state defined "basic need" of \$41,268,084 (\$42,849,600 if TRS stays with the state) and a fairly lean FY 86-87 budget of \$46,515,220, it would be desirable to increase the basic need to \$63,000 per unit and to cover the additional cost by increasing the mandated mill levy to 4.5 mills. If this were done, this is what would happen:

	Basic need at \$63,000 per unit 714.16 units	Additional Revenue with add on of .5 mills (4.5 mills)
Mat-Su	\$44,992,080	\$12,200,402 (4.5 mills)
original basic need aid	<u>\$42,849,600</u>	<u>\$10,867,024</u> (4 mills)
Additional funding	\$ 2,142,480	\$ 1,333,378 (additional revenue)

Because of Mat-Su's poor tax base, 5 mill does not raise much; only half as much per pupil as a .5 Anchorage mill levy would raise. In Anchorage, .5 mills would raise about \$9.5 million - enough to cover the increases in basic need.

Anchorage and Fairbanks are underfunded with a basic need set at \$60,000. The state established "basic need" for those districts should be more realistic. The March 4, 1987, issue of Anchorage Daily News reports that, "The Anchorage School Board Tuesday night officially passed a 1987-88 budget for \$243 million - 13 million of which it doesn't have - and left to the Anchorage Assembly and school employees the task of making up the shortfall..."

Finally, it will be necessary to raise the \$60,000 per unit if TRS payments are included within the definition of "basic need." There is not enough money in a \$60,000 unit to cover the cost of TRS.

3. Political Features - There are two features in SB 119 that appear to be purely political. They are:

(a) Retention by districts of 10% of PL 874 monies: This is a \$7 million item (out of a \$602.5 million school foundation pie) - about 1%. This \$7 million has supposedly been allocated to give school districts an incentive to ferret out pupils who can generate federal PL 874 monies. Seven million dollars is a very large amount of money to pay out as an incentive - no such incentive appeared to be necessary before 1981. Before 1981, the state deducted 100%.

Excluding the 10% from the formula will mislead the reader of DOE's tables as to the amount of money available to individual school districts for school operations. The amount available to Lower Yukon REAA is not \$13,424,400, the amount shown as Lower Yukon's "basic need" at \$60,000 per instructional unit. The amount available to Lower Yukon is:

Local effort	0
state	8,790,699
PL 874 (90% in formula)	4,633,701
PL 874 (10% not in formula)	514,859
Total	<u>\$13,939,259</u>

An extra half million dollars (\$514,859) for a school district is significant and should be shown as money available to the school district. Otherwise, comparisons of the school district with other school districts will be misleading. A change in state funding which is reported as a deduction may well refer to a situation where there has been an increase in total funding available to the school district.

RECOMMENDATION: Insist that the PL874 monies not in the formula which are available to the school district for general school purposes be listed in tables showing monies available for unrestricted school district expenditure. (Pupil transportation, school debt reimbursement, Johnson-O'Malley, etc., should not be listed as they are for restricted programs.)

(b) 4 mill levy or 35% of basic need, whichever is less. The policy to fund a minimum of 65% of the basic need of each school district exempts Anchorage, the largest school district in the state, from paying an amount equal to a 4 mill property tax levy. Four mills in Anchorage would raise \$77,373,427. Sixty five percent of Anchorage's \$184,337,400 basic need is \$64,518,090. There is a \$12,855,337 gap, more than a half mill's difference, between what Anchorage would contribute at 4 mills and at 35%. This is approximately \$13 million out of a \$602 million dollar school funding pie - about 2%. With a 60% minimum state match, Anchorage would have to contribute about 73.6 million. Anchorage currently contributes about 64 million so the desire probably was to keep Anchorage's contributions constant.

4. Heavy funding of smaller schools - In the larger school districts there is a fairly close correspondence between number of certificated personnel and number of instructional units - in Anchorage there are about 4% more units than certificated personnel. This is true of both classroom teachers and administrators (one category) and special program personnel - special education, bilingual and vocational educations (can be considered as a separate category).

This relationship breaks down in the smaller communities - generally communities with less than 600 pupils. In Lower Yukon, there are about 24% more units than certificated personnel. The formula for smaller communities such as those in Chatham (\$6,395 in state dollars per pupil) has apparently been established to generate more money for headquarters and non-personnel costs. The new DOE formula is vastly more fair than the old, but there may still be an excessive recognition of small school costs. Here is where the extra money would be generated:

SB 119, p. 4, line 15

<u>ADM</u>	<u>Units</u>
1-10 2	

COMMENT: This is probably realistic; it is very hard to operate a small remote school with just one teacher, regardless of how small the district is. Married couples often teach.

RECOMMENDATION: The range should be expanded: two teachers can handle 15 pupils. The 1962 Foundation Act funded one teacher unit for 8 - 16 pupils.

11-20 2 + (ADM - 10)

COMMENT: This portion of the formula would generate a partial teacher 2/10ths of a teacher, 4/10ths of a teacher, etc., who would not in fact be hired. Fifteen pupils would generate 3.5 units more than one unit for each five pupils. This is too much. The funding for the partial teachers would go to district headquarters, non-salary costs, etc.,

The argument for these partial units is that the arrival or departure of one pupil should not be the occasion for a district incurring a \$60,000 gain or loss. A pupil might be held over for a grade just so the district could break into a higher entitlement category for an additional \$60,000 unit. This could sometimes happen. However, the cost of creating transition funding is very expensive. In the case of a two teacher, 11-20 pupil school, a premium of up to 90% (3.8 units divided by two teachers) is excessive.

RECOMMENDATION: The solution is to put in an intermediate step for a three teachers school as follows:

<u>ADM</u>	<u>UNITS</u>	<u>TEACHER-PUPIL RATIO</u>
1-16	2	2:1 to 1:8 Average 1:14
17-30	3	1:57 to 1:10 Average 1.7.8
31-60	4 + <u>(ADM-20)</u>	1:78 to 1:10 10 Average 1.8.9
61-120	6 + <u>(ADM-60)</u>	1:10 to 1:11 12 Average 1:10.5
121-525	11 + <u>(ADM-120)</u>	1:11 to 1:13.8 15 Average 1:12.4

There are very good teacher-pupil ratios and much better than ratios funded in the 1960's.

The above allocations, if they were for teachers only, would put more teachers in the classroom than actually exists today. The excess funding will provide additional monies for district headquarters personnel, travel, and minimum costs of operating in separate facilities.

Average staffing for smaller schools in FY 1984-85 was:

1 - 16	1:5.5	compared to proposed 1:14
17 - 24	1:8.7	
25 - 40	1:6.8	
41 - 70	1:11	compared to proposed 1:89 for 31-60
71 - 120	1:10	
121 - 200	1:9.7	

There are arguments for allocating more instructional units to smaller schools than certificated persons assigned to them. A ten pupil classroom costs about the same to heat, light, and maintain as a 20 pupil classroom. This means that these non-salary costs would be about double per pupil in the small classroom than in the larger classroom.

However, this has already been taken into account. Where a smaller school generates one instructional unit for a 10 pupil classroom while a larger school generates one unit for a 20 pupil classroom, there will be twice as much instructional unit funding behind each small classroom pupil as there is behind each large classroom pupil. This means there will be twice as much non-salary funding behind each small classroom pupil as there is behind each large classroom pupil. Expressed another way, the number of dollars available for non-salary costs will be the same for the 10 pupil classroom as for the 20 pupil classroom.

The other argument is that the smaller schools are generally in high costs of living areas. This is true. However, DOE's instructional unit differential takes care of this. A unit for the Aleutians does not generate \$60,000; it generates 84,000 per unit - 40% extra.

DOE, in arriving at an average daily membership driven formula for small schools, has probably done something similar to what the 1986 legislature did in passing SB 75. It did not ask how much do the school districts with small schools need to operate their small schools. Rather, it asked how a formula can be devised to continue funding for small schools at close to previous levels, while ironing out obvious inequities among districts with small schools. Since previous legislatures had been generous in funding small schools, DOE accepted this as a fact of life. If DOE were writing on a blank slate, their formula for small schools would have probably been less generous.

DOE is working on a budget that was cut about 10% in July, 1986 for all school districts, including districts with small schools. The latter districts were the districts that were accumulating fund balances so rapidly in the late 1970's and from 1980 to 1985. They now have 10% leaner budgets and less margin for non-essential spending.

Equity in SB 119 formula: Except for the 10% windfall to PL 874 receiving districts, the \$13 million windfall to Anchorage (65% or 4 mills, whichever is the lesser) and the tilt toward smaller schools, the DOE formula is fair. Almost certainly, any amendments proposed by school districts which would lose money under SB 119 will make SB 119 less fair and more arbitrary. By relying on the Average Daily Membership of individual schools, DOE has gotten around school districts boundaries and has treated each school the same regardless of which school district the school lies in and regardless of which legislative district the school is in. The bizarre disparities between funding for similar school districts such as Sand Point and King Cove, Skagway, and Haines, Galena and Yukon-Koyukuk, are gone. This is great progress.

Both SB 45 and SB 119 should yield about the same results since dollars are generated by number of pupils in different sized schools. With amendments, either bill can tilt toward or away from the small school. SB 45 places a floor beneath school districts which historically have had high non-personnel costs. This means that the instructional unit, which is a device intended primarily to fund teachers salaries, does not have to be used as a blunt instrument to adequately fund high non-salary costs districts by overfunding low non-salary cost districts.

Training and Experience

SB 119 would be a better bill if it gave full or partial recognition to training and experience (T & E).

SB 45 includes T & E.

T & E is an actual cost of doing business just as utility rates and freight rates are an actual part of doing business. If an instructional unit approach is used, you would not want to give any more than about 70% credit for T & E. as approximately 30% of the average instructional unit is going for expenditures other than salaries of certificated persons - for classified employee salaries and non-salary costs.

The following amendments to SB 119 would add a T & E factor:

SB 119, p. 6, line 27, after Sec. 9 add a new Section 10 and renumber succeeding sections.

Sec 9, section AS 14.17.049 is added to read:

AS 14.17.049. TRAINING AND EXPERIENCE INDEX. The number of instructional units generated by AS 14.17.041, AS 14.17.043, AS 14.17.045, and AS 14.17.047 shall be adjusted to reflect the average training and experience of the certificated persons in the school district.

To calculate teacher salaries, the department shall annually prepare a training and experience index for each school district based on the average years of experience, not to exceed 15, and the average number of postbaccalaureate degree credits, not to exceed 54. The index shall range from a basic unit of 1.00 to a maximum unit of 2.00. The basic unit of 1.00 shall be calculated as the equivalent of \$26,078 and the multiples to be applied to the Training and Experience Index for the school district shall be .5.

The foregoing language would give recognition to most of a school district's T & E costs, but not complete recognition. The school district would still have an incentive to keep personnel costs down by hiring less trained and less experienced teachers.

Alaska has never used a T & E index. Some states, including New Mexico, give full recognition to T & E. The state DOE had given consideration in 1985 to giving 30% credit toward instructional units - the instructional unit would be multiplied by 30% of the T & E factor for the district.

Larry Huxel, the Law and Finance Director of the Department of Education, described the formula in about September 30, 1985. The training and experience index reflects the relative degree of training and experience of personnel paid from the teacher salary schedules in each district (base 1.0, maximum 2.0). Ratios of district salaries to base salary from designated points on each district's teacher salary schedule were calculated. From these ratios a state ratio schedule for training and experience was derived. The number of district personnel paid from the teacher salary schedule was utilized to calculate the district's Training and Experience Index. It is proposed that this index be used as an adjustment factor in the formula.

A T & E Index is likely to be controversial because it is fairly expensive. To the extent that money must be allocated to school districts with more senior and more trained teachers, to that extent money has to be taken away from districts with less senior and trained (less costly) teacher. Copper Valley, an REAA with an unusually senior staff (who are higher in the pay ranges) would benefit. A school district with rapid turnover would probably not benefit.

RECOMMENDATION: Explore informally with others interested in partially recognizing T & E costs. If there is interest, ask DOE to cost out a program based on 50% of the T & E index applied to number of instructional units. DOE already has the methodology to apply a T & E factor. Even if an amendment could not be retained for .5 of the T & E times the unit, it would be a good idea to get the T & E concept embedded in the formula at this time, even if it is only a token recognition of this cost at this time - 20%, 30%, etc.

Copy & Comy all these members 1/10/01

March 1.

... Local Gov't ...

for News - on an order.

How Schools Fare Under New Formula

The administration's version of a new School Foundation Act is due for introduction soon, and will join State Sen. Jalmar Kertulla's bill, which is already active in the Senate. The new state formula, as it is reviewed in the Legislature, will also be judged in context with other required local effort of 4-mills (but not to exceed 6-mills).

- **Instructional unit approach, with a unit pegged to \$60,000.
- **Separate facilities is no longer recognized as the base for unit calculation.
- **K-6 and secondary is not recognized until school population exceeds 200 in each funding community. Increased funding for secondary is available above the 200 population base.
- **Special education and similar programs are recognized by special schedules.
- **Area differentials are set using geographic differentials established for state salaries in a recent arbitrators' decision.
- **PL-874 (federal funds) will be considered and deducted in equalizing the formula.
- **A hold harmless clause at 90% of previous year formula will be in place for three years.

Looking at some districts:

Anchorage: Based on 38,874 pupil base a basic need is established at \$182.9 million, dividing into \$118.9 million in state effort and \$63.6 million in local effort. The district would get \$3,052 per ADM compared with \$2,923 this year. But the impact of TRS match transfer to local districts will mean a 4% reduction, and in addition larger districts will bare the brunt of cuts in pupil transportation and debt service.

Fairbanks: Based on 13, 158 pupil base a basic need would be \$64.9 Million, dividing into \$42.2 Million state aide and \$18.9 million local aid. The district would get \$3,498 per pupil, compared with \$3,231 this year. On a 100 index last year, Fairbanks would be 108% under the new formula, but this would be offset 4% by TRS match shift costs.

Ketchikan: Based on ADM of 2,450 students basic need is \$11.8 million, requiring \$7.6 million state aid and \$3.6 million required local effort. Ketchikan would get \$3,351 per pupil compared with \$2,973 this year. Up over current year 100% base to 113%.

Kenai: Using 8,414 ADM basic need would be \$44.3 million, state aid \$28.8 million, required local effort \$15.4 million, for an ADM cost of \$3,413 compared with \$3,349 currently. Up on current year 100% base at 102%.

Mat-Su: Using 8,950 ADM basic need would be \$42.7 million, state aid \$27.7 million, required local effort \$10.6 million, for an ADM cost of \$3,557 compared with \$3,087 now. 115% based on last year.

Unalaska: With a 170 ADM base Unalaska basic need would be \$1.55 million, state aid \$1.01 Million, local effort \$382,000, for an ADM cost of \$5,912 compared with current ADM of \$7,270. Unalaska would be down to 81% of current year funding, requiring hold harmless funds.

Tanana: With an ADM of 108, Tanana basic need would be \$1.04 million, with \$676,000 state aid and \$47,021 local effort. New ADM cost \$8,960 compares with current ADM cost \$12,468. Tanana would be at 71% prior year funding, requiring hold harmless funds.

Lower Kuskokwim: ADM 2,521 with basic need \$28.2 million, REAA with no local effort. New ADM cost \$8,849, compared with current \$8,301. Up at 107% current base.

Yukon Flats: ADM 373 with basic need \$5.4 million, REAA no local effort. New ADM \$12,752 compared with current \$12,387. Up at 103% current base.

Funding Pattern: One of the goals of the formula is to prove equity, and moot possible legal action against state school funding. The new formula does this quite well. However, several patterns and related school issues emerge.

Generally larger borough districts hold their own as long as only funding within the formula is concerned. REAAs generally do okay, with exception of several small districts. The down area tends to be small city districts such as Craig, Klawock, Dillingham, and Tanana. A problem outside the formula is the impact of cuts for pupil transportation and school debt service on districts. For example, a budget senario in the Kenai Borough projects a 10 mill tax next year, 6-mills over the current year level of 4-mills. A large share of this increase would be due to cuts in debt service and pupil transportation, and possible increases in local school effort due state required local effort. The point here is, that despite the fact that these costs are technically outside the State Foundation Act, impacted districts will argue their very real impact on schools and local taxes.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
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MAR 9 1987

KENNETH STEPHEN BURNLEY, Ph.D.
Superintendent of Schools

March 4, 1987

Senator Paul Fischer
Capitol Bldg. Room 508
P.O. Box V
Juneau, Ak. 99811

Dear Sir:

I enjoyed meeting with you when I was in Juneau on February 20-21 representing the Alaska Council for Social Studies at the Curriculum Cabinet meeting. I especially appreciated the opportunity to discuss with her issues of importance to the Fairbanks North Star Borough School District as well as needs of social studies teachers state-wide.

I would like to summarize the concerns I shared with you and ask for an update on the legislation we discussed. Senate Bill 119 as introduced on February 10 and referred to the HESS and Finance committees is of particular importance to Fairbanks. Specifically Sec. 14.17.025 (b) LOCAL EFFORT requiring local contributions would limit the amount that Fairbanks could contribute to the school district's operating fund to the equivalent of a 5.5 mill tax levy on the full and true value of the taxable real and personal property of the district....According to Mr. Mack Easton, the School District Finance Officer, this 5.5 mill equivalent ceiling could cause a problem for Fairbanks schools since our proposed school budget for FY88 would require a local contribution in excess of the 5.5 mill equivalency.

Also subsection (c) of Section 14.17.025 which requires that the amount a district receives for state tuition payments, etc. must be included in the local district's contribution would further reduce the amount of local support allowed under the formula. Fairbanks would be particularly affected because we have such a high percentage of on-base students in our district, and last year we received \$4.5 million in state tuition payments. Counting state tuition payments as part of our local contribution would mean that Fairbanks could in reality only assess itself a 4.5 mill equivalency.

Historically Fairbanksans have enthusiastically supported their public schools, and as our community has begun the painful process of budget review, it has become obvious that we do not want to give up the quality of education we have become accustomed to, and we will have to pay for it. How ironic if we vote to assess ourselves and then are limited by the Foundation Formula in how much we can support our own school system.!

A second piece of legislation we discussed was Senate Bill 115 which was referred to the rules committee on February 19. I shared my concern that the Senate Bill had grown from a \$5.8 million supplemental appropriation to a \$12.5 million appropriation. Certainly Fairbanks would benefit if the Senate version of the Bill passed. However, we are very concerned that the appropriation not become so overloaded that it fails to pass altogether.

As you may know our district signed a long-term bus transportation contract with TMS (approved by DOE) saving the state over one million dollars over the previous contract. Instead of receiving the full 100% reimbursement from the state we have received only 65% which leaves us and other districts in the red. While it is possible to freeze spending for textbooks, repairs, and capital equipment it is not possible to renege on a binding contract.

If the Senate version of the bill does pass I understand that the House would probably amend its bill to agree with the Senate legislation. Do you believe that Governor Cowper will sign such a bill?

The third item we discussed briefly was the level of support for the Department of Education in Governor Cowper's proposed FY 88 budget. As a representative of social studies teachers state-wide I would like to support the \$1.5 million line item for the Instructional Materials Center within the Department of Education.

The IMC has been responsible for developing curriculum guidelines for the state from pre-school to grade 12 at the direction of the State School Board. In developing the state model curriculum guides the department received input from teachers across the state, and they developed guidelines which can be used by the largest urban and smallest rural districts. Furthermore, they have been actively involved in curriculum development projects. I know that some of the economic activities in the Kenai area are included in the social studies curriculum guide objectives and suggested activities.

Both former Governor Sheffield and Governor Cowper have targeted Alaska and its Pacific Rim Trading Partners as keys to developing Alaska's economy. Teaching about Alaska's trading partners requires specialized training and materials in geography, economics, anthropology, sociology, as well as foreign languages. The department has been instrumental in developing an Alaska and the Pacific Rim curriculum which was K-12 and multidisciplinary and which was infused into all the state model curriculum guides. Ms. Sammy Crawford who is a teacher at Soldotna High School helped develop the Alaska-Pacific Rim curriculum and the model social studies guides.

Furthermore, the department has aggressively sought and received outside funding to develop materials and training opportunities for teachers. In the last six months alone the Instructional Materials Center has received \$291,000 in funding from outside sources such as Mellon, National Geographic, and National Association of School Boards. The curriculum kits which have been developed so far have been shared with teachers across Alaska through the 13 state professional curriculum associations such as ACSS. This work could not be effectively done by one district and then shared extensively with others. It needs to be done at the state level and then shared through the network which has developed.

I would urge you and the other senators to support the proposed level of funding (\$1.5 million) for the Instructional Materials Center and to allow the department as much flexibility as possible in determining how their allocation will be spent. In the last two years their budget has been cut 50%, but they have been able to maintain the high quality of service by creatively using staff and resources. One of their strategies has been to use the volunteer help of teachers and their professional curriculum organizations to enhance the department's work. You stressed the importance of the volunteer in education, and I believe the IMC successfully taps this volunteer network.

I was pleased by your verbal commitment to education and hope that you will continue to work for passage of legislation which is crucial to maintaining the quality of our schools, not only in Fairbanks, but for our state. Please let me know if there is anything further I can do to support your efforts on our behalf. I plan to be in Juneau June 2-7 for the Alaska State Medical Association Meeting with my husband, Don, who is the ASMA president. I hope to win our bet and collect that cup of coffee (if Fairbanks passes a local tax to support education) and the \$1.00 (if the legislature passes an income tax bill).

Sincerely yours,

Gayle Y. Thieman

Gayle Y. Thieman
President-Elect, Alaska Council of
Social Studies
Teacher, FNSB School District

ASSOCIATION OF ALASKA SCHOOL BOARDS

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TO: SENATOR JACK COGHILL
REP: DICK SCHULTZ

FROM: ALASKA GATEWAY SCHOOL DISTRICT
RALPH RUDIZK, INTERIM SUPT.

SUBJECT: FOUNDATION FUNDING

VIA: ELECTRONIC MAIL THROUGH AASB

CONCERNS RE: S.B. 119 and H.B. 126

Sec. 1 includes community schools as part of the foundation support. With the decline of revenue by the district, community schools will not be able to survive.

Sec. 4 (D) What are the DOE regulations that affect interest earnings if they cannot be used for operating expenditures?

Sec. 5 "Funding communities" will need a definition. What are the geographic and attendance area factors that DOE will use in determining the definition of FUNDING COMMUNITIES? (TOK VS. TANACROSS?)

Sec. 7 Vocational ed. Instructional Units. This section is developed along the line of "Courses". The weighting factor developed by DOE is done by "programs." How do these two terms align or differ? The 87 funding formula allowed more total dollars to the district for vocational ed. than does S.B. 119, HB. 126. The FY 87 formula did not provide enough money for vocational ed. to support or improve it and S.B. 119 provides even less. If S.B. 119 has a goal to promote less vocational ed., that goal will be reached. The district will do its best to meet the vocational needs of students-but let's not hide behind the fact that less will not produce the same or more!

Section 8, Special Ed: Funding is like vocational. The values in S.B. 119 reduce the revenue to the district by \$100,000.00 as compared to the 87 formula.

Sec. 9, Bilingual: This program will be reduced by \$60,000.00 compared to 87.

In these three programs, there seems to be a double weighting factor. One weighting factor is in S.B. 119 and there seems to be another one developed by DOE. On what basis?

Section 10, Area Differential: The definition given in DOE reviews indicate that this is due primarily to personnel costs. State employee area differentials seem to be the basis. What does that have to do with educational costs? Alaska Gateway is set at 1.16 differential. How many state employees are located in Eagle, Tetlin, Northway, Mentasta, Dott Lake, Tanacross or Tok for that matter? How easy is it to travel to, maintain and support these sites? Roads? Driving time costs money. Planes? There are no commercial flights. Charters cost money. Freightage is sporadic and costs money. Tok is the center for the district but is still located 330 miles from Anchorage, 210 miles from Fairbanks. Time consuming which is money. Nenana has a 1.20 cost differential is on a main road system between Anchorage and Fairbanks and close to Fairbanks. Railbelt is 1.20,

Tanana=1.30 and Delta Greeley is 1.16, the same as Ak. Gateway. It does not seem that the differential is based on realities when comparisons are made.

Section 13, Fund Balance: This bill says that the fund balance will be defined by DOE. The District will need to know the full impact. The 5% may not provide the buffer needed because of the following: Insurance, fuel cost, (mild or extreme winters) the length of cold periods, freeze ups, generator repair or replacements, prorating of bus transportation by DOE, prorating of foundation by DOE.

Section 20. Construction and implementation: (B) There appears to be a conflict between language providing for proration and language that guarantees "hold Harmless" provisions at 90% and a limit on fund balance of 5%. The bill appears to be inconsistent in these areas. Alignment is needed if the section requiring districts to operate with a balanced budget is to be included in the bill.

Because of my concern for education generally and especially education in Alaska Gateway School District, I could not support S.B. 119 as it would be implemented now. Some changes are needed. Additional decreases in revenue to the district will have an impact on programs to students.

Sincerely,

Ralph Rudzik, Interim Supt.
Alaska Gateway School District



RAILBELT SCHOOL DISTRICT

Drawer 129, Healy, Alaska 99743 • (907) 683-2278
James W. Paul, Superintendent

March 4, 1987

MAR 9
1987

Senator John B. Coghill
Alaska State Legislature
Box V
Juneau, Alaska 99811

Dear Jack:

I have carefully reviewed Senate Bill 119, both personally and with our school board at a work session. On the surface it appears that the overall fiscal impact on us would be between neutral and minus 5% (due to the state portion of the Teachers' Retirement System becoming the district's responsibility, and projected pupil transportation funding shortfalls).

It will tend to hurt our correspondence program (and other district's that have a correspondence program) - and I feel that is unfortunate because I sincerely believe we do a better job educating those people living off the road on all that state landsale property than does the State Centralized Correspondence Program.

I'm not a fan of categorical vocational education funding, but accept the political reality that we will probably have to live with it.

The above is the effect it would have on our district. Following are some additional thoughts about the bill:

- A.) I really worry when the state no longer is a partner in teacher retirement. It is a lot easier to convince a legislator to vote for something that doesn't come out of his pocket than otherwise.
- B.) It doesn't seem reasonable that we are spending all this effort to make funding equitable - when short funded pupil transportation immediately makes things inequitable again, i.e. districts that must pay the transportation shortfall out of their general fund, as a result of their geography - not because of any management or governance decision.



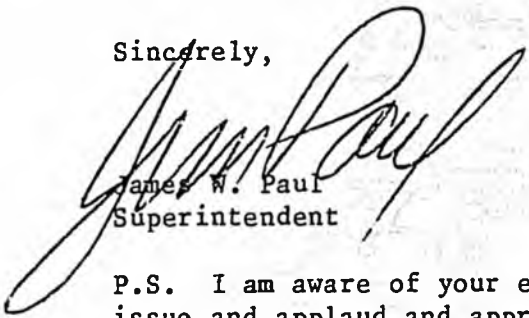
RAILBELT SCHOOL DISTRICT

Senator John Coghill
Page 2
March 4, 1987

C.) I am concerned about the cost of the hold harmless provision and hope that clause would get fully funded. Otherwise I effectively see that getting funded and the remainder prorated.

Thanks for the opportunity to comment.

Sincerely,



James W. Paul
Superintendent

P.S. I am aware of your efforts relative to the pupil transportation issue and applaud and appreciate them.



Delta/Greely School District REAA #15

Glen Chowning, Superintendent
P.O. Box 527
Delta Junction, Alaska 99737

907-895-4658
895-4659

28 February 1987

Senator Jack Coghill
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Coghill:

You asked us to review Senate Bill No 119 regarding the foundation funding proposal as introduced by the Rules Committee at the request of the Governor. We are still working on determining the amount of money which would become available to us if the bill was passed and signed into law.

At this point in time we have two concerns:

(1) The Delta/Greely community is counted as one funding community whereas, Fairbanks is broken down into Salcha, North Pole, Eielson, Fort Wainwright etc. We believe the Delta/Greely School District should be broken into two separate communities and for us it would mean about 7 additional units. The communities of Delta and Greely don't look upon themselves as a unified community and certainly access to the Fort is restricted in that you must stop and get a pass to get on the facility.

(2) The other concern that we have discovered is the reimbursement for high cost vocational programs. Home Economics, according to our information, is a low cost course. With the purchase of groceries and other supplies we don't agree with that classification. Further, we are having a great deal of concern determining how VocEd classes are to be funded. I don't think the DOE has furnished to us a list of what courses we offer are costed out at what level.

We'll get further information to you as we continue our review of the bill.

Sincerely,

M. Bruce Slama, Ed.D.
Superintendent

ALASKA GATEWAY SCHOOL DISTRICT

P.O. Box 226
907-883-5151
Tok, Alaska 99780

MAR 11 1987

March 6, 1987

Ms. Laurel Tatsuda
State of Alaska
Dept. of Ed.
Box F
Juneau, AK. 99811

Dear Laurel:

The purpose of this letter is to let you know how SB119 affects the B/B, and Special Education Programs in Alaska Gateway School District and to propose some changes in those funding formulas.

The Alaska Gateway school District has an enrollment of 121 students in the Bilingual/Bicultural Program, representing seven different cultural/language backgrounds. The students are served with programs appropriate for their identified needs in 7 different communities. Last year, the program generated 3 instructional units, \$143,456.25. Cutting the program down to the absolute minimum still cost us more than that. The program cost \$148,018 with the added cost coming from the foundation. This was basic cost of staff with ALL supplies, travel, equipment, or other instructional media cut out. This year under SB119, the program will generate \$68,652. The bilingual/bicultural students have urgent needs for assistance in order to succeed academically. Even though the student need is there, and documented, the district will not be able to adequately provide needed services for these students. With the needs documented and regulations requiring that they be served, how can the state not provide at least the minimum necessary to run the program. Anything less than this minimum, will not give the students the service they need. In order to run a basic quality program, which will provide the necessary service to students, the .042 weight should be increased to .138. Another idea might be to place weights on the type of program that is provided for students. In this district we find that an SESC program costs less than ESL or LOESL. B/B, Transitional B/B, and High Intensity are the most expensive. If you have to adjust the weight probably this would provide the most rational base for it.

ADM x .042 x Lau Category Wt. x Program Wt.

Program Weight

B/B	1.8
T B/B	1.7
ESL	1.6
HILT	1.6
SESC	1.4
LOESL	1.6

(These weights represent the approximate comparative costs of the different types of programs in Alaska Gateway.)

The overall special education program in Alaska Gateway is cut by 24% from last year's funding level under SB119.

The Extended Learning (Gifted & Talented) Program cost the district \$85,292 during the current year. With the new formula the district program would have to be cut by about 64%.

The district feels strongly that this program is developing the promise of the future. Without this program, several students will not be receiving the specialized training, support, and direction they need to achieve their potential in areas different from or beyond the regular school curriculum.

In order to maintain the quality of the program we now have, we recommend that the weight for gifted and talented students be increased from .025 to .056 the same as for Resource Services. In this district, the costs for each of these is very similar.

Thanks for your consideration.

Sincerely,



Sharon Sonnenberg
Director of Special
Services
Alaska Gateway School
Dist.

cc: Rep. Dick Shultz
Sen. Jack Coghill

SS/bh

Southeast Island School District

1621 Tongass Ave., Suite 301 - P.O. Box 8340 - Ketchikan, Alaska 99901 - (907) 225-9658 or 225-9659



March 9, 1987

Senator Paul Fischer
Alaska State Senate
P. O. Box V
Juneau, Alaska

Dear Mr. Fischer:

Enclosed you will find a copy of a letter sent to Governor Cowper with respect to SB 119/HB 126, the public school foundation legislation.

I believe that, from a school finance perspective, the proposal represents a substantial improvement over current statute. It does, however, need some modification. One change I am suggesting with respect to the calculation of area differentials appears to have a positive impact upon a number of districts throughout the State, including the Kenai School District. I believe that this suggestion, as well as others outlined in my letter, may be worth your review and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Bob Weinstein".

Robert Weinstein
Superintendent

RW:cm

Southeast Island School District

1621 Tongass Ave., Suite 301 - P.O. Box 8340 - Ketchikan, Alaska 99901 - (907) 225-9658 or 225-9659



March 6, 1987

The Honorable Steve Cowper
Governor of the State of Alaska
P. O. Box A
Juneau, Alaska 99811

Dear Governor Cowper:

This is to comment upon SB 119/HB 126 (An Act relating to the public school foundation program; and providing for an effective date).

In general, I believe that the Department of Education and your office have done a commendable job of proposing a restructuring of the school foundation program. In my opinion, the new program is appropriately grounded in accepted school finance requirements, and much more closely meets certain legal tests for treatment of P. L. 874 receipts and equalization of wealth.

1. The deduction of 90% of P.L. 874 for all districts appears to end the current disparate treatment, whereby only REAA's have P.L. 874 aid deducted from State aid (previously explicit, the practice continues implicitly by calculation of instructional unit allotments under SB 408).

2. The establishment of a 4 mill requirement up to 35% of basic need, with the State equalizing for those districts in which 4 mills is less than 35%, is a major correction to current statute, under which an opposite, and legally bothersome, concept of equalization is at work under the guise of a secondary distribution program. The current program, which in effect increases the disparity between wealthy and less wealthy communities, cannot meet its demise too soon. The proposed method of equalization is certainly a great leap forward in terms of equalizing expenditures for a free public education.

I do, however, have several concerns with the proposal.

I. Section 10 - AREA COST DIFFERENTIAL

The proposed area differentials need further review and some adjustment. The proposed differentials are based upon an award in a matter of arbitration between the State and its unions. The arbitrator, in turn, based his recommendations upon data contained in a state-sponsored study entitled the "Alaska Geographic Differential Study," which was commissioned by the Department of Administration and completed by the McDowell Group and associates in April, 1985. The use of the data in this study for establishment of area differentials for public school funding presents a dilemma in several respects.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

1. The results of the study are comprehensive, fairly up-to-date, and statistically defensible. At the same time, the author cautioned not to use a study based upon household consumption patterns around the State to "determine pay levels," which are "determined through the process of classification, negotiation, and legislative decision-making."
2. The results of the study (and the arbitrator's award) were used to establish regional pay differentials for State employees. This is very different from establishing regional cost differentials for the operation of school districts due to the obvious major differences between household patterns of expenditures and school district expenditure requirements.
3. The study did not collect data from a number of communities. For example, the "Ketchikan/ Prince of Wales district" consisted of households in Ketchikan, Craig, and Klawock. However, this data is being used to project costs for the Southeast Island School District, none of whose 17 more remote communities are represented in the data base. The same pattern is repeated throughout the study for different areas of the State.
4. The housing category consists of three subcategories - shelter (mortgage payment, rent, condo fees, taxes, etc.), home fuels, and utilities, based upon a cost per square foot of living space.

Several problems are evident in this area, both in the study as well as in its application to school districts. First, the study took all shelter subsidies into account, including employer subsidies, property tax forgiveness for the elderly, Native housing programs, low income projects, etc. Such subsidies were not included as a cost of shelter in such a household. The result is that if a particular study district has substantial subsidies in any of the above categories, has a substantial number of homes upon which the owners owe no money (such as I understand to be the case in Petersburg), and so on, the housing differential would be reduced for that district relative to the base in Anchorage. This has little to do with school districts, and school district funding.

One might argue, for example, that a school district in an area of high subsidies should receive a higher cost differential factor in order to provide a housing subsidy benefit to its employees. The current proposal would prevent such equity because it would provide the reverse, i.e. less funds, and so in effect penalizes a school district based upon general population subsidies.

Second, as the author noted, "the majority of buyers tend to purchase the largest size housing they can afford.... In Anchorage, where home fuels and utilities cost less" than other areas of the State, "homeowners can afford to spend more on shelter."

Third, due to the above reasons and/or other sampling errors, several oddities appear in the data itself. One is that the cost of shelter is 25 $\frac{3}{4}$ higher in Anchorage than in Fairbanks (an average monthly cost of \$885, or \$.61 per square foot, versus \$804, or \$.49 per square foot). In addition, the monthly housing cost for the "Wade Hampton district" (Chevak,

The Honorable Steve Cowper
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Mountain Village, Scammon Bay, St. Mary's, Emmonak) was \$188.60, or \$.24 per square foot. In the calculation of the housing differential, the weight given to the data in the shelter sub-category, relative to fuel and utilities, has a skewing effect, so that Anchorage is maintained at an artificially high level and communities in the Wade Hampton district are maintained at an artificially low level. In other words, despite every study district outside of Southcentral Alaska having substantially higher fuel and utility indices than the base, a number have been assigned lower overall "housing" indices due to the weight given to the "shelter" sub-category. Again, especially given the fact that the study made no "allowance for quality in housing," e.g. "the average square foot of housing in Anchorage is clearly superior to the average square foot in Bethel," this is not appropriate for public school funding.

5. Transportation: The study reviewed the proportion of household expenditure allocated to transportation, with the price differential "significantly affected" by the share of the household transportation dollar going to personal air travel. The personal travel component was determined by evaluating the percentage difference between flying from the study district in question to Seattle in comparison to the base district - Anchorage.

Again, this has little to do with school district funding, as school-related travel is largely in-district and in-state. For example, this district spends approximately \$140,000 annually just on transportation in the district for basic instructional services such as special education, administrative functions, school board meetings, and maintenance-related activities. This figure includes no student activities, such as athletics, which, in the case of this district and other districts not on a road system, generally requires travel by air. On a per student basis, these costs far exceed the base. Yet the Ketchikan area, into which this district is lumped, is rated at .86 of the base mainly based upon the price of tickets to Seattle and the frequency that one goes there.

RECOMMENDATION

- a. Use the data in the study as the basis for determination of area differentials, with adjustments of housing and transportation factors as noted below.
- b. For any district whose transportation index was below 1.00, increase to 1.00, so that each school district is put on at least an equal footing with the base district on this factor.
- c. Eliminate the high and the low shelter factors. This has the effect of reducing the skewing created by use of the Anchorage shelter cost as the high and the Wade Hampton as the low.
- d. The resulting area differentials are noted in Attachment A. Anchorage remains the base district, and is not impacted.

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Based upon my personal knowledge of some of the costs associated with school district operations, area differentials adjusted on this basis:

1. More accurately reflect the cost of doing business relative to the base, and therefore provide a better "rational basis" in the sense of achieving a legitimate state aim and surviving a review of equal protection with respect to the establishment of area cost differentials..
2. Are more in line with the data in the study itself, as opposed to only the arbitrator's award.

II. Section 2 - STATE FOUNDATION AID

There is a potential problem with the language regarding deduction of P. L. 81-874 aid "received by the district during the prior fiscal year." The Federal government sometimes delays checks, and adjustments and amendments are frequently made, so that payments are sometimes received in a current year but represent a payment against the District's prior Federal fiscal year's entitlement. This is compounded by the fact that the State regulations (chart of accounts) requires a district's prior Federal fiscal year payment to be treated as revenue in the current year, regardless of when the payment is actually received.

For example, if the language is not modified, the result is that a district might receive a late Federal FY 86 payment in school year FY 87. This would be treated by State regulation as an FY 87 revenue (because it is part of the FY 86 entitlement, and is deferred until FY 87), but would also be deducted at a rate of 90% from FY 88 State aid even though it is not available for expenditure in FY 88 (because the State otherwise required it to be treated as an FY 87 revenue). I realize that this may be confusing, but it does represent a real problem. I have discussed this with Larry Huxel and Nat Cole, both of whom I believe felt that some change was needed to clarify the intent of this section and avoid problems of interpretation. I strongly urge this change to occur in statute, and not later by regulation.

RECOMMENDATION

Change the words "the amount of federal aid received by the district during the preceding fiscal year..." to "the amount of federal aid received by the district as payment for its entitlement during the preceding federal fiscal year" (or similar language).

This change will allow any changes in P. L. 874 payments to be treated in the same manner, whether an increase or decrease, as well as allow school districts to accurately project revenues from one year to the next.

III. Section 8 - SPECIAL EDUCATION

This section proposes a count being based upon the last day of the 20-day period used for counting of regular and elementary instruction.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

This is not an appropriate method for funding special education programs, especially in small schools, because:

1. A district can serve children in special education programs from the first day of school through the day immediately preceding the last day of the count period, and receive no revenue for this program because a child moved; or conversely,
2. A district may not serve a child until the last day of the 20-day count period, and thereby receive full funding.

Something like the latter happened to us this year, so that we received two instructional units more than we had anticipated. Despite this good fortune, we are still opposed to this method of funding special education programs, especially as the reverse could easily occur.

Additionally, under current and predecessor statutes, special education programs in regional districts have been funded as though all of the children being served were in a single community, resulting in a severe underfunding for such programs in at least this regional district. For example, with the above funding fluke, this year our special education revenues cover only approximately 69% of the cost of providing such mandatory programs in this district (without the 2 units, only 42%). The current proposed definition of funding community, with the proposed low floor, would continue this severe underfunding of special education in a district such as this one, and in effect would not provide equal protection to special education children in certain types of districts. I believe that the proposed funding floor per community, if revised, will offset this concern.

RECOMMENDATION

Alternate A: Keep the same 20-day counting period as used for elementary and secondary education, and/or give each district the option of using the 20-day count period or the single-day count period if more convenient. Increase the minimum for funding community from .25 to .45. This approach may be unnecessarily cumbersome; or,

Alternate B (preferred): Define "funding community" as any community defined as a funding community pursuant to the regulations proposed in Sec. 14.17.031 (Section 5 of the proposed legislation). In other words, if a district has 5 identified communities, that district would minimally receive the value of the floor per funding community multiplied by 5. Without this change, I believe that it will be virtually impossible to accurately project special education revenues in this and similar districts. If this is done, the funding minimum per community should be raised to .35 rather than the proposed .25.

These changes would allow a district to accurately plan its special education revenues and programs, and prevent significant underfunding of special education programs in districts with many remote schools served by itinerant personnel.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

IV. Section 7 - Vocational Education:

The same comments as above with respect to counting periods and funding communities apply in this section as well with respect to counting of vocational education ADM.

RECOMMENDATION

(a). Allow each district the option of using the full count period, or the last day of the count period; or, (b) define funding community as noted for special education above. This change again would help small districts to do more accurate planning and forecasting.

V. Section 15 - STUDENT COUNTING PERIOD

a. I still have not heard a good explanation as to why a 20-day period is superior to the former nine week period, especially when the latter provides more data over a longer period of time, and thus would tend to prevent wild fluctuations resulting from a sudden enrollment loss (or gain).

RECOMMENDATION

Revert back to the nine week count period (which was in effect for many years with, to the best of my knowledge, no complaints from school districts). If this change is made, obviously the above comments with respect to the 20-day period should be changed accordingly.

b. In addition, the proposal assumes that each school district operates on the same calendar. This is not true. In this district, we start some schools in early August, and resume after a long winter break. The required 20-day period ending on the fourth Friday is not appropriate for us, nor is the second count ending the second Friday in February. Legislative intent language for SB 408 recognized this difference by providing for alternative periods. This should now be a statutory provision. This concern has been reviewed with Larry Huxel, who I believe felt that a change would be appropriate.

RECOMMENDATION

Specifically state that a district may request alternate (earlier) count periods for the first count and alternate (later) count periods for the second count, and authorize the Commissioner to approve them.

VI. MITIGATION OF ENROLLMENT LOSS

Using a hold harmless provision, the proposal protects a district against the new formula via a transition period, but lacks a mitigation factor in the event that a school district experiences a significant loss in enrollment. This is especially crucial given recent legal rulings regarding certificated personnel under contract.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

RECOMMENDATION

Adopt language identical or similar to AS 14.17.031 (d), clearly referring to a drop in enrollment (which a loss of instructional units implies).

I believe that, with these changes, the proposed foundation legislation will result in an improved school funding program. In addition, at long last, all school districts will be able to concentrate on the education of children, not school funding mechanisms, next year and into the future.

Sincerely,



Robert Weinstein
Superintendent

RW:cm

xc: Legislators
Pete Jeans
Marshall Lind
Larry Huxel

ATTACHMENT A

Area Differentials as Adjusted

- I. The attached sheet, in column d, shows area differentials when two adjustments are made as noted in the text of the letter. All school districts are kept in the same study district, even though an objective analysis might show that this needs some change based upon actual location of school districts.
- II. Data in columns a, c, i, j, and k are from the Department of Education sources. If any changes have occurred in Department-calculated units (column a), and required local effort (column i), then other columns would be correspondingly impacted.
- III. It should be noted that, based upon some personal knowledge, the following changes should be considered.
 - a. Wrangell and Petersburg should probably be in a 1.04 - 1.07 range. Unique shelter cost factors in the study are likely having a negative impact upon area differentials for these districts.
 - b. Chatham was in the Sitka district in the Study. It more properly belongs in the same area as Hoonah.
 - c. Kake was included in the Wrangell/Petersburg area. It probably belongs in the same area as Hoonah and Chatham. (It may be that all of rural Southeast Alaska belongs in the same differential category.)
 - d. Yukon/Koyukuk probably belongs in the same area as Yukon Flats. The same comment might apply to Iditarod as well.
 - e. Aleutian area (Adak, Aleutian, Sand Point, etc.) probably belong in at least the same area differential as Bristol Bay, Southwest Region, etc.
 - f. An analysis of this matter should be made by those with expert knowledge of relative costs in those parts of the State.
- IV. The totals do not include hold harmless aid for any district losing more than 10% of its State aid. However, increases in State aid in a number of districts, which otherwise would have been eligible for more aid under hold harmless provisions (such as Annette Island, Dillingham, and North Slope), in large part offset costs of this proposal.

District	(a) Total Units	(b) Area Diff (58 119)	(c) Units (58 119)	(d) Area Diff (adj)	(e) Units (adj)	(f) Basic Need (adj)	(g) 65% Basic Need	(h) 35% Basic Need	(i) Required Local Effort	(j) 35% 4 miles	(k) Deduct. FL 874	(l) State Entitle ment
Adak	52.21	1.27	66.31	1.29	67.25	4041054	2526625	1414369		1414369	1792633	2248421
Alaska Gateway	69.62	1.1e	80.76	1.17	81.46	4887324	3176761	1710563		1710563	626475	4260849
Aleutian	21.21	1.27	26.94	1.29	27.26	1641654	1067075	574579		574579	294602	1347052
Anchorage	3072.29	1.00	3072.29	1.00	3072.29	184327400	11919310	84518090	63820630	0	2554281	119563682
Annette	39.90	1.00	39.90	1.07	42.69	2561580	1665027	896553		896553	1406836	1154744
Bering Strait	183.92	1.34	246.45	1.34	246.45	14787168	9611657	5175509		5175509	4199309	10587859
Bristol Bay	25.75	1.27	32.70	1.32	33.99	2039400	1325610	713790	406164	307626	253301	1379935
Chatham	46.09	1.00	46.09	1.04	47.93	2876016	1869410	1006606		1006606	782848	2093168
Chugach	24.58	1.11	27.28	1.12	27.53	1651776	1073654	578122		578122	182156	1469620
Copper River	66.96	1.11	74.33	1.12	75.00	4499712	2924813	1574999		1574999	397942	4101770
Cordova	39.52	1.11	43.87	1.12	44.26	2655744	1726234	929510	495929	433581	13925	2145690
Craig	24.75	1.00	24.75	1.07	26.48	1588950	1032818	556132	149219	406914	24325	1415406
Delta Greely	80.68	1.16	93.59	1.17	94.40	5663736	3681428	1982308		1982308	1042286	4621450
Dillingham	42.54	1.27	54.03	1.32	56.15	3369168	2189959	1179209	430063	749146	298915	2640190
Fairbanks	1042.91	1.04	1084.63	1.05	1095.06	65703330	42707165	22996166	15907656	4088510	0	46795674
Galena	19.60	1.30	25.48	1.31	25.68	1540560	1001364	539196	80428	458768	474167	985965
Haines	37.52	1.05	39.40	1.08	40.52	2431296	1580342	850954	390486	460468	34464	2006346
Hoonah	25.77	1.05	27.06	1.08	27.83	1669896	1085432	584464	116950	467514	190808	1362138
Hydaburg	15.74	1.00	15.74	1.07	16.84	1010508	656850	353678	53671	300007	0	956837
Iditarod	57.91	1.30	75.28	1.31	75.86	4551726	2958622	1593104		1593104	849587	3702139
Juneau	357.15	1.00	357.15	1.08	385.72	23143320	15043158	8100162	6755969	1344193	20801	16366550
Kake	22.90	1.00	22.90	1.00	22.90	1374000	893100	480900	48754	432146	267513	1057733
Kashu	22.86	1.30	29.72	1.31	29.95	1796796	1167917	628879		628879	498907	1297889
Kenai	744.08	1.00	744.08	1.02	758.96	45537696	29599502	15938194	15465124	0	112255	29487247
Ketchikan	198.10	1.00	198.10	1.07	211.97	12718020	8266713	4451307	3617536	833771	5272	9095212
King Cove	18.30	1.27	23.24	1.29	23.61	1416420	920673	495747	97566	398181	138005	1180849
Klawock	21.27	1.00	21.27	1.07	22.76	1365534	887597	477937	23364	454573	247431	1094739
Koljak	219.08	1.09	238.80	1.09	238.80	14327832	9313091	5014741	2209790	2804951	114845	12003197
Kusok	58.80	1.30	76.44	1.31	77.03	4621680	3004092	1617588		1617588	1212998	3408682
Lake & Pen	71.40	1.27	90.68	1.32	94.25	5654880	3675672	1979208		1979208	1036848	4618032
Lower Kusk	341.73	1.38	471.59	1.42	465.26	29115396	18925007	10190389		10190389	5930988	23184408
Lower Yukon	172.11	1.30	223.74	1.42	244.40	14663772	9531452	5132320		5132320	4633701	10030071
Mat-Su	714.16	1.00	714.16	1.00	714.16	42849600	27852240	14997360	10867024	4130336	18221	31964355
Nenana	18.46	1.20	22.15	1.21	22.34	1340194	871127	469069	72398	396671	4653	1263145
Ncoe	63.70	1.34	95.36	1.34	85.36	5121480	3328962	1792518	606540	1185978	72713	4442227
North Slope	131.74	1.42	187.07	1.48	194.98	11698512	7604033	4094479	4094479	0	1076069	6527964
NW Arctic	182.17	1.42	258.68	1.48	269.61	16176696	10514652	5661244	940181	4721663	3018788	12217727
Pelican	10.25	1.05	10.76	1.08	11.07	664200	431730	232470	59950	172520	0	604250
Petersburg	53.97	1.00	53.97	1.00	53.97	3238200	2104830	1133370	541422	591948	6151	2690627
Pribilof	22.55	1.27	28.64	1.29	29.09	1745370	1134490	610880		610880	602752	1142618
Railbelt	46.27	1.20	55.52	1.21	55.99	3359202	2183481	1175721		1175721	0	3359202
Sand Point	17.53	1.27	22.26	1.29	22.61	1356822	881934	474868	298564	176324	0	1058258
Sitka	131.51	1.00	131.51	1.04	136.77	8206224	5334046	2872178	1764700	1107478	78602	6362922
Skaqwav	17.07	1.05	17.92	1.08	18.44	1106136	718988	387148	236146	151002	0	869990
SE Island	77.33	1.00	77.33	1.07	82.74	4964586	3226981	1737605		1737605	764212	4200374
Southwest	84.09	1.27	106.79	1.32	111.00	6659928	4328953	2330975		2330975	1645217	5014711
St. Mary's	15.12	1.30	19.66	1.42	21.47	1288224	837346	450878	17805	433073	255748	1014671
Tanana	13.33	1.30	17.33	1.31	17.46	1047738	681030	366708	47021	319687	186392	814325
Unalaska	20.42	1.27	25.93	1.29	26.34	1580508	1027330	533178	382258	170920	168433	1029817
Valdez	84.73	1.11	94.05	1.12	94.90	5693856	3701006	1992850	6773307	0	35633	3565373
Wrangell	46.41	1.00	46.41	1.00	46.41	2784600	1809990	974610	434682	539928	1664	2346254
Yakutat	21.23	1.05	22.29	1.08	22.93	1375704	894208	481496	72547	408949	56387	1246770
Yukon Flats	64.09	1.42	91.01	1.42	91.01	5460468	3549304	1911164		1911164	703267	4756601
Yukon Koyukuk	90.87	1.30	118.13	1.31	119.04	7142382	4642548	2499834		2499834	1454300	5688082
Yupit	47.10	1.30	61.23	1.31	61.70	3702060	2406339	1295721		1295721	1043126	2658934
Total	9211.35		9962.74		10130.10	607806.0	355073.9	212732.1				432605142
						(in 1000's)						

STEPHEN V. YATES
Superintendent
907-832-5625

KENNETH SATRE
Principal
907-832-5164

NENANA CITY PUBLIC SCHOOLS

P.O. BOX 00010
NENANA, ALASKA 99760
907-832-5164

BILL SPEAR
Business Manager

February 26, 1987

Senator John B. Coghill
Alaska State Legislature
Box V
Juneau, Ak. 99811

Dear Senator,

I appreciate the opportunity to comment on SB 119 from the perspective of the Nenana City School District. I commend the authors for their efforts in equalizing educational spending in the State. However I do have some serious concerns about what this bill, as written, would do to our program.

Section 14.17.031 (a) defines funding communities. By this definition the highway children are counted differently than they are now. Using the proposed formula and our current student count of 196 children of which 123 are city children and 73 are Yukon Koyukuk, I calculate the following; 123 students would generate \$1,247,197 or \$10,139 per student. 196 students (city plus Yukon Koyukuk highway students) would generate 1,667,639. This means that the Yukon Koyukuk students generate only an additional \$5,759 per child. We cannot afford to educate and provide transportation services for \$5,759 per student. The following chart illustrates the recent history of funding for the highway students:

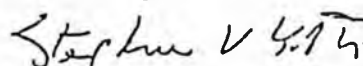
FY 1986	\$1,011,365
FY 1987	630,825
FY 1988	420,442 (SB 119)

As you can see, this represents a 58% decrease over the three years. There has not been a significant change in numbers of students served. I also question the appropriateness of taxing Nenana city people to pay for the education of highway students. It would seem to make more sense to leave the method of determining funding units as it is and let us continue with our contract with the Yukon/Koyukuk School District.

I have no problem with the rest of the proposal although I can see no advantage to either the State or School districts in changing the method of paying for the Teachers Retirement Service.

As always, we appreciate your efforts on our behalf in Juneau. I expect to be in Juneau March 16 and 17. I would like to meet with you if possible.

Sincerely,


Stephen V. Yates
Superintendent

SVY/ks

A REVIEW

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

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

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

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

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

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

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

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

THE FORMULA USED TO CALCULATE BASIC NEED:

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

THE FORMULA USED TO CALCULATE STATE FOUNDATION AID:

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

TERMS AND CONCEPTS:

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

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

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

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

■ **INSTRUCTIONAL UNIT VALUE—**The amount of money each instructional unit is valued. The proposed amount under the new foundation formula is \$60,000 per instructional unit. That amount is calculated by dividing the total statewide basic need by the total statewide number of adjusted instructional units. Mathematically it works this way: \$597,765,000 total statewide basic need divided by 9,962.75 total adjusted instructional units equals \$60,000 per instructional unit.

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

(1) the equivalent of funds generated by a four mill tax levy based on the full and true value of the taxable real and personal property in the school district; or

(2) 35 percent of a school district's basic need for the preceding school year.

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

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

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

OTHER ISSUES IN SB 119/HB 126:

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

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

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

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

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

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

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

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

COMBINED ELEMENTARY & SECONDARY INSTRUCTIONAL UNITS:

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

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

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

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

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

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

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

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

VOCATIONAL EDUCATION

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

* Full time equivalent

- | FACTOR | PROGRAM |
|--------|---|
| .2 | CATEGORY 1 contains 16 programs: health, consumer and homemaking, horticulture, commercial art, clothing and textiles, general marketing, food production, renewable and natural resources, forestry, agriculture services and supplies, transportation and travel, wildlife management, business management, child care management and surveying. The extra cost for these programs average 25 percent of those programs in Category 4. |
| .4 | CATEGORY 2 contains 7 programs: aircraft mechanics, communication technologies, commercial photography, agriculture mechanics, accounting and related, small engine mechanic and automotive body repair. The extra costs for these programs average 50 percent of those programs in Category 4. |

- | FACTOR | PROGRAM |
|--------|---|
| .6 | CATEGORY 3 contains 9 programs: agricultural production, welding, industrial education, woodworking, automobile mechanics, electrical technician, drafting, fisheries and diesel engine mechanics. The extra cost for these programs average 75 percent of those programs in Category 4. |
| .8 | CATEGORY 4 contains 3 programs: graphics, secretarial and word processing, and construction trades. <u>Equipment, utilities, maintenance, student supplies and instructional materials</u> make these the most costly vocational programs to operate. |

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

SPECIAL EDUCATION

NUMBER OF STUDENTS X WEIGHTING FACTOR* = SPECIAL EDUCATION FUNDING

* Language dominance category weighting factor

FACTOR	PROGRAM	FACTOR	PROGRAM
.025	GIFTED AND TALENTED	0.1	SELF-CONTAINED
.056	RESOURCES	.333	INTENSIVE/HOSPITAL HOMEBOUND

BILINGUAL EDUCATION

WEIGHTING FACTOR X STUDENT COUNT X .042 = BILINGUAL EDUCATION

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



ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

ALL LEGISLATORS

March 4, 1987

Jean Buchanan
President

William Frick
Vice President

Carol Stolpe
Clerk

Bettye Davis
Clerk Pro Tem
Immediate Past President

Martha Roderick
Treasurer

Darryl Jordan
Assistant Treasurer

Jim Robinson
Parliamentarian
Past President

E.E.(Gene) Davis, Ed.D.

The Honorable Mitch Abood
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Abood:

The Anchorage School District has reviewed the Governor's Public School Foundation funding proposals that are contained in SB119/HB126. We believe that the bills are well drafted and accomplish many of the objectives that the State of Alaska is trying to achieve.

It is appropriate that the legislature understand that the object of the Anchorage School District is to obtain fair and equitable educational funding for our District.

Turning directly to the concerns of the Anchorage School District, this legislation would increase the District's revenues per pupil by approximately \$141 or 4.8 percent more than the present school year. When reviewing this increase, it should be brought to your attention that the District is also being asked to assume approximately \$186 per pupil of expense because the State of Alaska is transferring its third party obligation under the Teachers' Retirement System.

As we understand it, the reason for this transfer is to place the expense closer to the local source. It appears that on one hand the State of Alaska is increasing the per pupil revenue and on the other hand taking away more than is being given. It would be our recommendation that the legislature separate the issue of education funding and equity from the decision of making certificated retirement contributions closer to the local source. We believe that the merit of such a proposal should be evaluated more closely by you the members of the legislature.

We want to bring to your attention two other revenue entitlement proposals that will decrease the District's revenue for next year. The first proposal is Pupil Transportation, wherein the State is continuing to decrease its participation in funding to the 60 percent level for Anchorage. At a minimum, it would be our recommendation

that you continue funding Pupil Transportation at the 80 percent level which is comparable to the current year. The District continues to

competitively bid pupil transportation services with the private sector, and we will continue to negotiate wage and benefit concessions from our work force. The community is satisfied with the current level of service; however, if this community is to bear an increased share, the cost should be shifted gradually under a two or three year transition plan.

⑤ The second proposal that is affecting the Anchorage School District is the reduction in the reimbursement amount in the State Aid for the Retirement of School Construction Debt. We think that this reduction in reimbursement may be tied to reduction levels in municipal assistance and municipal revenue sharing.

For the District, since we, rather than the Municipality of Anchorage, actually pay the principal and interest on the general obligation bonded debt, the reduction in State revenues for this program would cause educational programs to be eliminated if municipal property taxes are not raised to provide the income necessary to liquidate this fixed obligation. For comparative purposes, a 30 percent proration of the District's entitlement for fiscal year 1988 is estimated to be approximately \$7.2 million. We request that you review funding levels for this important program and determine if reductions in funding equally effect all communities state-wide or is this reduction impacting the Anchorage area more severely. A transition plan over two or three years would also be appropriate for this program.

We have outlined above the various reduction proposals in revenues that the School District will face during FY 1988. Now we want to turn your attention specifically to the Governor's Public School Foundation Proposal.

Foundation
This funding proposal has met the objective of equalization so that the State of Alaska may utilize approximately \$60 million in Federal Impact Aid in the distribution of general education revenues. This bill requires cities, boroughs, and school districts to pay up to 35 percent of basic need as determined in the bill or the equivalent of what a 4.0 mill property tax rate would raise in their district. However, since certain attendance areas do not have tax raising authority, the State will continue to pay for 100 percent of basic need less amounts deducted for Federal Impact Aid for those areas. We recommend that, since basic State aid is 65 percent for cities and boroughs and 100 percent for Rural Education/Attendance Areas, that you consider reducing this disparity by 5 percent from 35 to 30 percent.

One of the continuing debates in educational funding is the issue of equity. We fully recognize that there are economies of scale associated with the district the size of Anchorage; however, the disparity of the amount of revenue per ADM for our District as compared to other districts in the State of Alaska is unacceptable. We hope that you will consider our recommendation as outlined above.

3

The proposal also limits the amount of school districts' fund balances to 5 percent of their operating expenditures for that fiscal year. If the percentage is exceeded, the Department of Education will deduct all excess amounts from the district's state revenue entitlement. This provision of the bill should be deleted for those school districts that contribute approximately 30-35 percent of local revenues for educational purposes. If the State of Alaska is concerned about school districts not spending state funds on the educational program, then the legislation should be directed to those specific school districts by allowing the Department to propose regulations to solve specific problems and not penalize school systems with a higher percentage of local revenue contribution.

4

A final issue that we would like to bring to your attention is the present practice by the State of using the full and true value of real and personal property as computed by the Department of Community and Regional Affairs. For the calendar year 1986, the Municipality of Anchorage real and personal property that was actually levied totaled approximately \$15.66 billion. The amount certified by the Department of Community and Regional Affairs was \$19.34 billion. There appears to be approximately 23 percent overstatement in the value of properties as reported and certified. The District would propose that the legislature consider using actual tax levies as opposed to computed amounts that are projected by a state agency.

We would like to thank you for reviewing our concerns about this legislation and other matters that we have outlined. We would be pleased to meet with you or provide additional information if requested. If you have further questions, please contact me at 269-2301.

Sincerely,



L. T. Freeman
Assistant Superintendent
for Business Management

c1
Attachment

cc Bill Miles, School District Lobbyist

ANCHORAGE SCHOOL DISTRICT
ALASKA PUBLIC SCHOOL FOUNDATION PROGRAM
COMPARATIVE REVENUE PER ADM
FOR THREE FISCAL YEARS

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1988</u>	<u>1988</u>
			CURRENT FORMULA 38,255 PER UNIT	CURRENT FORMULA 42,184 PER UNIT	GOVERNOR'S BILL/SB119
BASIC ENTITLEMENT	\$107,769,492	\$116,185,069	\$114,516,852	\$126,278,343	\$119,565,571
SECONDARY FORMULA	1,994,007	486,739	500,000 (1)	500,000 (1)	N/A
TOTAL	<u>139,764,099</u>	<u>116,671,808</u>	<u>115,016,832</u>	<u>126,778,343</u>	<u>119,565,571</u>
AVERAGE DAILY MEMBERSHIP	40,026	39,748	39,065	39,065	38,874 (2)
REVENUE PER STUDENT (ADM)	<u>\$ 3,492</u>	<u>\$ 2,935</u>	<u>\$ 2,944</u>	<u>\$ 3,245</u>	<u>\$ 3,076</u>
PERCENTAGE INCREASE/ (DECREASE)		(15.9%)	.3%	10.6%	4.8%

NOTES:

(1) Secondary Formula Account estimated for fiscal year 1988

(2) ADM does not include 176 pre-elementary and 15 adult basic education

(3) Schedule does not reflect the transfer of approximately \$7.1 million (\$186 per ADM) of Teacher Retirement contribution to the District from the State of Alaska

(4) Pupil Transportation reimbursement reduced to 60%, School Debt reimbursement reduced 30%

Hold to

Revised Area Cost Diff.

Governor's Public School Foundation Funding Proposal

HB 126/SB 119

3/30/87

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 un ^t
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

STATE OF ALASKA-DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 CALCULATIONS USE THE PROJECTED ADM AS PHONE SURVEY 2/18/87
 REVISED 3/30/87 HB126/S8119

PAGE :

REVISED

SCHOOL DISTRICT	FY38 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	66.67
ALASKA GATEWAY	523	62.16	1.00	5.54	1.00	69.68	1.19	82.92
ALEUTIAN REGION	90	18.93	0.00	1.00	1.00	20.93	1.31	27.42
ANCHORAGE	38874	2,609.66	40.24	396.22	32.94	3,078.86	1.00	3,078.86
ANNETTE ISLAND	432	34.80	1.00	4.21	1.00	41.01	1.03	42.24
BERING STRAIT	1251	156.81	11.69	12.74	2.19	183.43	1.39	254.96
BRISTOL BAY	231	23.40	1.00	2.22	1.00	27.62	1.27	35.08
CHATHAM	310	41.29	0.00	3.47	1.00	45.76	1.03	47.13
CHUGACH	132	22.04	0.00	1.00	1.00	24.04	1.14	27.41
COPPER RIVER	561	63.77	1.00	5.71	1.00	71.48	1.14	81.49
CORDOVA	431	34.73	0.00	3.86	1.00	39.59	1.11	43.95
CRAIG	219	20.60	0.00	1.84	1.00	23.44	1.03	24.14
DELTA GREELY	1027	74.10	0.00	8.91	1.53	84.56	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
HOGANAH	235	21.67	0.00	2.79	1.00	25.46	1.08	27.49
HYDABURG	108	13.00	1.00	1.65	1.00	16.65	1.03	17.15
IDITAROD	392	56.24	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
KASHUNANITUT	189	18.60	2.27	2.53	1.00	24.40	1.33	32.65
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
KODIAK	2319	192.25	1.93	29.55	2.35	226.08	1.03	246.43
KUSPUK	371	53.53	1.50	3.67	1.04	59.74	1.33	79.46
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.31	89.39
LOWER KUSKOKWIM	2682	288.96	54.95	28.21	3.06	375.18	1.42	532.76
LOWER YUKON	1343	148.81	6.80	17.98	2.46	176.05	1.35	237.66
MAT-SU	8940	639.69	1.10	65.40	9.83	716.02	1.00	716.02
MEMANA	208	19.87	1.00	2.19	1.00	24.06	1.20	28.87
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	1.00	2.05	1.00	23.49	1.30	30.54
RAILBELT	344	39.66	0.00	2.12	1.00	42.78	1.23	52.62
SAND POINT	135	15.00	0.00	1.53	1.00	17.53	1.27	22.26
SITKA	1637	113.77	1.00	17.59	1.62	133.98	1.00	133.98
SKAGWAY	136	15.07	0.00	1.00	1.00	17.07	1.05	17.92
SOUTHEAST ISLAND	435	72.42	0.00	3.16	1.00	76.58	1.04	79.64
SOUTHWEST REGION	491	67.47	9.08	3.66	1.00	81.21	1.31	106.38
ST. MARY'S	125	14.33	1.00	1.11	1.00	17.44	1.30	22.68
TANANA	86	11.17	1.00	1.00	1.00	14.17	1.30	18.42
UNALASKA	170	17.33	1.00	1.09	1.00	20.42	1.27	25.94
VALDEZ	697	52.62	0.00	5.32	1.06	59.00	1.11	65.69
WRANGELL	497	38.89	0.00	6.52	1.00	46.41	1.00	46.41
YAKUTAT	147	15.80	0.00	1.72	1.00	18.52	1.08	20.00
YUKON FLATS	390	58.76	1.00	4.22	1.00	64.98	1.46	94.87
YUKON-KOTYUKUK	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

SCHOOL	DISTRICT	FY88 PROJECTED	FY88 PROJECTED	DEDUCTIBLE	FY88 PROPOSED	BASIC NEED REQ. LOCAL	FY74	FY 88
		BASIC NEED	LOCAL	LOCAL	PER EFFORT	PER EFFORT	PER UNIT	PER UNIT
		160,000	EFFORT	PL 87A	STATE AID	UNIT	PER UNIT	PER UNIT
							PER UNIT	PER UNIT

ADAK		13,988,200	11,792,632	12,195,568	160,000	126,969	133,031	133,031
ALASKA GATEWAY		16,975,200	16,265,551	16,368,649	160,000	17,556	182,664	182,664
ANCHORAGE		116,731,600	133,028	119,745,512	160,000	107	138,893	138,893
ANNETTE ISLAND		12,526,600	11,606,836	11,127,564	160,000	133,306	126,634	126,634
BERING STRAIT		115,297,600	14,199,309	111,098,291	160,000	116,470	143,530	143,530
BREITEL BAY		12,104,600	1,606,164	11,498,436	160,000	111,578	141,031	141,031
CHATHAM		12,827,800	1,782,972	12,044,828	160,000	116,613	143,387	143,387
CHUGACH		11,644,600	1,183,932	11,460,668	160,000	16,710	153,290	153,290
COPPER RIVER		14,889,600	1,398,113	14,491,487	160,000	14,885	155,115	155,115
COROVUA		12,637,000	1,156,603	12,125,668	160,000	111,284	148,361	148,361
CRATIE		11,668,600	1,327,973	11,266,208	160,000	11,181	152,453	152,453
DELTA GREELY		15,884,200	1,042,286	14,841,914	160,000	110,628	149,372	149,372
DILLINGHAM		13,266,600	1,354,631	12,681,686	160,000	17,900	145,586	145,586
FAIRBANKS		165,413,800	132,127	166,474,017	160,000	129	142,628	142,628
GALENA		11,529,600	1,443,016	11,005,956	160,000	13,155	139,465	139,465
HAINES		12,388,600	1,466,164	11,951,950	160,000	11,160	149,032	149,032
HOONAH		11,649,600	1,116,950	11,341,642	160,000	16,941	148,005	148,005
HYDRAURS		11,029,000	1,029,000	1,975,329	160,000	13,130	156,870	156,870
IDITAROD		14,964,600	1,849,651	14,114,749	160,000	110,289	149,731	149,731
JUNEAU		120,752,200	1,267,977	113,969,354	160,000	3	140,389	140,389
KAYE		11,374,000	1,209,395	11,115,851	160,000	19,164	148,227	148,227
KASHIMWIAUT		11,947,000	1,498,907	11,448,093	160,000	115,375	144,625	144,625
KEKAI		144,725,800	1,190,124	148,914,309	160,000	12,556	138,789	138,789
KETCHIKAN		11,686,000	1,462,056	10,262,259	160,000	118,261	141,708	141,708
KING COVE		11,395,000	1,159,428	11,159,428	160,000	14,196	149,688	149,688
KLAMATH		11,314,600	1,210,196	11,081,038	160,000	19,994	149,340	149,340
KODIAK		116,785,600	1,166,749	112,629,261	160,000	18,967	150,437	150,437
KUSKOKUM		14,767,600	1,213,011	13,554,589	160,000	115,266	144,734	144,734
LAKE & PENINSULA		15,363,600	1,036,648	14,326,952	160,000	111,599	148,401	148,401
LOWER KUSKOKUM		131,965,600	1,933,153	128,032,667	160,000	111,137	140,663	140,663
LOWER YUKON		116,259,600	1,633,701	114,625,899	160,000	119,497	140,503	140,503
MAT-SU		142,961,200	1,926	142,975,150	160,000	115,177	144,796	144,796
NEKOMA		11,732,200	1,223,398	11,508,802	160,000	12,227	157,265	157,265
NOME		15,167,200	1,827,724	14,472,936	160,000	17,063	151,996	151,996
NORTH STAR		111,879,600	1,157,790	110,721,810	160,000	15,349	133,651	133,651
NORTHWEST ARCTIC		116,581,000	1,940,181	114,640,819	160,000	110,930	145,668	145,668
PELLICAN		166,200	159,950	166,200	160,000	10	154,584	154,584
PETERSBURG		13,238,200	1,511,122	12,727,078	160,000	151	149,817	149,817
PRIDLOF		11,832,600	1,602,751	11,229,849	160,000	119,736	140,264	140,264
RAINEBELT		13,157,200	1,116,668	12,040,532	160,000	12,213	157,287	157,287
SAND POINT		11,353,600	1,298,564	11,055,036	160,000	113,413	146,587	146,587
SITKA		18,058,800	1,764,700	16,190,088	160,000	1627	146,202	146,202
SKAGWAY		11,075,200	1,236,166	10,839,034	160,000	113,178	146,822	146,822
SOUTHEAST ISLAND		14,778,600	1,764,757	14,013,843	160,000	19,603	150,397	150,397
SOUTHWEST REGION		16,382,800	11,742,370	16,640,430	160,000	10	143,521	143,521
ST. MARY'S		11,360,800	1,177,805	11,230,382	160,000	1785	156,454	156,454
TANANA		11,105,200	1,477,021	10,711,386	160,000	12,533	147,307	147,307
UNALASKA		11,556,600	1,382,258	11,019,669	160,000	114,736	139,309	139,309
VALDEZ		13,929,600	1,375,290	12,548,615	160,000	1145	138,555	138,555
WARRELL		12,784,600	1,423,682	12,367,881	160,000	19,366	150,590	150,590
YAKUTAI		11,200,000	1,223,547	11,071,067	160,000	13,627	153,553	153,553
YUKON FLATS		15,692,200	1,703,866	14,988,334	160,000	17,419	152,581	152,581
YUKON-KOYUKUK		16,888,000	1,164,668	15,723,332	160,000	112,931	147,069	147,069
YUPIIT		13,949,600	1,103,126	12,846,474	160,000	116,258	143,742	143,742

STATEWIDE	AVERAGE	PERCENTAGE
TOTALS	1606,576,000	1135,935,290
	158,734,385	1431,906,325
	113,446	22.4%
	13,859	6.4%
	142,695	71.2%

STATE CORN STUDY -----))) \$2,225,340
 VALDEZ CONTRACT -----))) \$600,000
 HOLD HARMLESS -----))) \$2,662,689

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 PL874 LESS SP. ED. PERCENTAGE	PL874	DEDUCTIBLE PL874	65% BASIC NEED LESS DEDUC. PL874	FY88 PROPOSED STATE AID
ADAK	\$3,988,200	\$2,592,330	\$1,395,870		\$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		\$1,741,320	\$696,167	100.00%	\$626,551	\$2,607,329	\$4,368,649
ALUTIAN REGION	\$1,645,200	\$1,069,380	\$575,820		\$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		\$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		\$5,354,160	\$4,665,899	100.00%	\$4,199,309	\$5,744,131	\$11,098,291
BOSTOL 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		\$989,730	\$869,969	100.00%	\$782,972	\$1,055,098	\$2,044,828
CHUGACH	\$1,644,600	\$1,068,990	\$575,610		\$575,610	\$204,369	100.00%	\$183,932	\$885,058	\$1,460,668
COPPER RIVER	\$4,889,400	\$3,178,110	\$1,711,290		\$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		\$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	\$630,063	\$713,177	\$394,056	100.00%	\$354,651	\$1,768,509	\$2,481,686
FAIRBANKS	\$65,413,800	\$42,518,970	\$22,894,830	\$18,907,656	\$3,987,174	\$49,181	72.58%	\$32,127	\$42,486,843	\$46,474,017
GALENA	\$1,529,400	\$994,110	\$535,290	\$80,428	\$454,862	\$539,956	91.16%	\$443,016	\$551,094	\$1,005,956
HAINES	\$2,388,600	\$1,552,590	\$836,010	\$390,486	\$445,524	\$52,737	97.26%	\$46,164	\$1,506,426	\$1,951,950
HOONAH	\$1,649,400	\$1,072,110	\$577,290	\$116,950	\$460,340	\$212,009	100.00%	\$190,808	\$881,302	\$1,341,642
HYDABURG	\$1,029,000	\$668,850	\$360,150	\$53,671	\$306,479	\$0	100.00%	\$0	\$668,850	\$975,329
IDITAROD	\$4,964,400	\$3,226,860	\$1,737,540		\$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		\$681,450	\$554,341	100.00%	\$498,907	\$766,643	\$1,448,093
KENAI	\$44,725,800	\$29,071,770	\$15,654,030	\$15,621,367	\$32,663	\$247,448	85.37%	\$190,124	\$28,881,646	\$28,914,309
KETCHIKAN	\$11,886,000	\$7,725,900	\$4,160,100	\$3,617,536	\$542,564	\$10,429	66.11%	\$6,205	\$7,719,695	\$8,262,259
KING COVE	\$1,395,000	\$906,750	\$488,250	\$97,566	\$390,684	\$153,339	100.00%	\$138,006	\$768,744	\$1,159,428
KLAMOCK	\$1,314,600	\$854,690	\$460,110	\$23,364	\$436,746	\$294,169	79.39%	\$210,198	\$644,292	\$1,081,038
KODIAK	\$14,785,800	\$9,610,770	\$5,175,030	\$2,209,790	\$2,965,240	\$163,055	100.00%	\$146,749	\$9,464,021	\$12,429,261
KUSLUK	\$4,767,600	\$3,098,940	\$1,668,660		\$1,668,660	\$1,347,790	100.00%	\$1,213,011	\$1,885,929	\$3,554,589
AKE & PENINSULA	\$5,363,400	\$3,486,210	\$1,877,190		\$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		\$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		\$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
MEANA	\$1,732,200	\$1,125,930	\$606,270	\$72,398	\$533,872	\$7,295	100.00%	\$6,566	\$1,119,364	\$1,653,236
MOPE	\$5,167,200	\$3,358,680	\$1,808,520	\$606,540	\$1,201,980	\$91,915	100.00%	\$82,724	\$3,275,956	\$4,477,936
NORTH SLOPE	\$11,879,400	\$7,721,610	\$4,157,790	\$4,157,790	\$0	\$3,951,590	29.78%	\$1,059,034	\$6,662,576	\$6,662,576
NORTHWEST ARCTIC	\$16,581,000	\$10,777,650	\$5,803,350	\$940,181	\$4,863,169	\$3,356,126	100.00%	\$3,020,514	\$7,757,136	\$12,620,305
PELICAN	\$664,200	\$431,730	\$232,470	\$59,950	\$172,520	\$0	100.00%	\$0	\$431,730	\$604,250
PETERSBURG	\$3,238,200	\$2,104,830	\$1,133,370	\$541,422	\$591,948	\$11,386	79.58%	\$8,155	\$2,096,675	\$2,588,623
PRIBILOF	\$1,832,400	\$1,191,060	\$641,340		\$641,340	\$669,724	100.00%	\$602,751	\$588,309	\$1,229,649
RAILBELT	\$3,157,200	\$2,052,180	\$1,105,020		\$1,105,020	\$120,409	100.00%	\$116,468	\$1,935,712	\$3,040,732
SAND POINT	\$1,335,600	\$868,140	\$467,460	\$298,564	\$168,896	\$0	100.00%	\$0	\$868,140	\$1,037,036
SITKA	\$8,038,800	\$5,225,220	\$2,813,580	\$1,764,700	\$1,048,880	\$162,224	57.54%	\$84,012	\$5,141,208	\$6,190,088
SKAGWAY	\$1,075,200	\$698,880	\$376,320	\$236,146	\$140,174	\$0	100.00%	\$0	\$698,880	\$839,054
SOUTHEAST ISLAND	\$4,778,400	\$3,105,960	\$1,672,440		\$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		\$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%	\$62,613	\$821,907	\$1,280,382
TANANA	\$1,105,200	\$718,380	\$386,820	\$47,021	\$339,799	\$231,071	89.82%	\$186,793	\$531,587	\$871,386
UNALASKA	\$1,556,400	\$1,011,660	\$544,740	\$382,258	\$162,482	\$171,636	100.00%	\$154,473	\$857,187	\$1,019,669
VALDEZ	\$3,929,400	\$2,554,110	\$1,375,290	\$1,375,290	\$0	\$36,275	30.78%	\$9,495	\$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	\$62,652	100.00%	\$56,386	\$723,614	\$1,071,067
YUKON FLATS	\$5,692,200	\$3,699,930	\$1,992,270		\$1,992,270	\$782,074	100.00%	\$703,866	\$2,996,064	\$4,988,334
YUKON-KOYUKUK	\$6,888,000	\$4,477,200	\$2,410,800		\$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		\$1,347,360	\$1,159,029	100.00%	\$1,043,126	\$1,459,114	\$2,806,474

SCHOOL DISTRICT	FY87 ADM FINAL	FY88 PROJECTED ADM	FY87 TOTAL REV. HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE % SFACCOUNT	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS
ADAK	601.7	600	\$3,787,818	105.6	\$3,399,405	(3588,795)	11.995,186	110.4	\$1,790,594	(1404,974)	
ALASKA GATEWAY	510.6	523	\$4,254,162	114.2	\$3,921,727	(11,053,673)	\$3,627,611	117.0	\$3,344,137	(11,004,512)	
ALEUTIAN REGION	90.5	90	\$1,535,676	107.7	\$1,374,472	(1270,728)	\$1,241,023	109.4	\$1,110,751	(1239,798)	
ANCHORAGE	39752.1	38874	\$181,562,951	104.0	\$159,797,101	(24,434,499)	\$116,576,863	105.0	\$102,601,575	(17,143,937)	
ANNETTE ISLAND	421.1	432	\$2,815,876	87.7	\$2,599,887	\$65,487	\$1,409,040	78.0	\$1,300,962	\$173,398	\$65,437
BERING STRAIT	1223.8	1251	\$14,497,905	103.2	\$13,338,120	(11,959,480)	\$10,298,596	105.4	\$9,474,742	(11,523,549)	
BRISTOL BAY	233	231	\$2,212,932	95.9	\$1,974,543	(130,257)	\$1,851,146	78.4	\$1,651,730	\$212,348	
CHATHAM	351.6	310	\$2,883,168	111.2	\$2,287,838	(839,962)	\$2,100,196	110.4	\$1,666,538	(1378,290)	
CHUGACH	130	132	\$1,424,957	113.7	\$1,302,191	(1342,409)	\$1,241,025	115.9	\$1,134,106	(1326,562)	
COPPER RIVER	560.7	561	\$3,926,442	124.5	\$3,535,689	(1,353,711)	\$3,528,329	127.2	\$3,177,195	(1,314,092)	
CORDOVA	432.2	431	\$2,548,477	103.8	\$2,287,261	(1349,739)	\$2,036,945	104.6	\$1,828,161	(1297,307)	
CRAIG	231	219	\$1,515,733	100.8	\$1,293,294	(1135,106)	\$1,454,025	91.9	\$1,240,643	(125,565)	
DELTA GREELY	1018.7	1027	\$5,126,212	113.9	\$4,651,181	(1,233,019)	\$4,083,926	117.6	\$3,705,440	(1,136,434)	
DILLINGHAM	461.5	469	\$3,944,771	81.5	\$3,607,991	\$341,591	\$3,395,120	71.9	\$3,105,266	\$623,580	\$341,591
FAIRBANKS	13116.8	13158	\$62,081,027	105.0	\$56,048,422	(19,365,378)	\$43,141,244	107.4	\$38,949,074	(17,524,941)	
GALENA	166.5	172	\$1,935,035	76.5	\$1,799,060	\$269,660	\$1,411,591	69.0	\$1,312,398	\$306,442	\$269,660
HAINES	351.7	360	\$2,375,613	98.2	\$2,188,509	(1200,091)	\$1,938,963	98.3	\$1,786,249	(1165,701)	
HOONAH	234.3	235	\$1,730,262	95.0	\$1,561,888	(187,512)	\$1,444,679	92.6	\$1,304,096	(137,566)	
HYDABURG	107	108	\$830,740	122.7	\$754,654	(1274,346)	\$828,540	116.6	\$752,655	(1222,674)	
IDITAROD	383.8	392	\$5,386,074	90.2	\$4,951,034	(113,366)	\$4,536,623	88.8	\$4,170,010	\$75,251	
JUNEAU	4599.4	4744	\$21,444,712	104.9	\$17,808,893	(12,943,307)	\$14,661,846	103.3	\$12,176,020	(11,793,314)	
KAKE	196	178	\$1,537,036	98.4	\$1,256,292	(1117,708)	\$1,278,887	96.1	\$1,045,294	(170,557)	
KASHUMAMTUT	172	189	\$1,835,395	96.5	\$1,815,120	(1131,880)	\$1,336,488	98.6	\$1,321,725	(1126,368)	
KENAI	8143.6	8414	\$45,287,112	95.6	\$42,111,742	(12,614,058)	\$29,475,621	94.9	\$27,408,896	(11,503,413)	
KETCHIKAN	2435.4	2450	\$11,126,948	106.2	\$10,074,288	(11,811,712)	\$7,503,207	109.5	\$6,793,369	(11,468,890)	
KING COVE	132.7	133	\$1,315,893	105.8	\$1,186,981	(1208,019)	\$1,164,887	99.3	\$1,050,769	(1108,659)	
KLAMUCK	162	168	\$1,343,439	94.4	\$1,253,876	(160,724)	\$1,109,877	93.9	\$1,035,885	(145,153)	
KODIAK	2221.6	2319	\$13,534,997	104.7	\$12,715,562	(12,070,258)	\$11,194,652	106.4	\$10,516,906	(11,912,355)	
KUSLUK	350.85	371	\$5,184,290	87.0	\$4,933,831	\$166,231	\$3,971,279	84.6	\$3,779,422	\$224,833	\$166,231
LAKE & PENINSULA	354.4	369	\$5,410,983	95.2	\$5,070,506	(1292,894)	\$4,374,135	95.0	\$4,098,900	(1227,652)	
LOWER KUSKOKWIM	2564.39	2682	\$27,181,406	112.4	\$25,585,218	(16,380,382)	\$21,248,253	117.1	\$20,000,441	(16,031,966)	
LOWER YUKON	1314.1	1343	\$12,240,228	114.0	\$11,258,476	(13,001,124)	\$7,606,527	123.8	\$6,998,430	(12,629,469)	
MAT-SU	8680.9	8940	\$38,144,588	109.2	\$35,393,713	(17,567,487)	\$27,300,538	114.1	\$25,303,843	(16,771,307)	
NEENAH	123	208	\$1,168,235	87.7	\$1,777,997	\$45,797	\$1,113,668	87.8	\$1,694,949	\$41,713	\$41,713
NOME	781.8	759	\$5,679,829	97.1	\$4,788,016	(1379,184)	\$5,097,450	90.5	\$4,453,912	(124,024)	
NORTH SLOPE	1151.3	1231	\$13,513,743	82.2	\$13,004,322	\$1,124,922	\$8,296,919	75.1	\$7,984,154	\$1,321,578	\$1,124,922
NORTHWEST ARCTIC	1550	1637	\$14,239,358	110.3	\$13,534,739	(13,046,261)	\$11,008,844	108.5	\$10,464,084	(12,156,721)	
PELICAN	54.4	54	\$562,367	119.0	\$502,409	(1161,791)	\$538,241	113.1	\$480,855	(1123,395)	
PETERSBURG	601	597	\$3,096,954	105.3	\$2,768,708	(1467,492)	\$2,547,377	106.3	\$2,277,381	(1411,242)	
PRTIBILOF	155.6	152	\$1,444,739	129.8	\$1,270,182	(1562,218)	\$841,988	149.5	\$740,256	(1489,393)	
RAILBELT	345.8	346	\$3,390,864	98.4	\$2,886,591	(1270,609)	\$3,274,396	98.2	\$2,787,444	(1253,288)	
SAND POINT	118.3	135	\$987,425	122.2	\$983,323	(1352,277)	\$851,916	106.7	\$874,960	(1162,076)	
SITKA	1610	1637	\$7,478,524	105.7	\$6,843,546	(11,195,254)	\$5,629,812	108.1	\$5,151,802	(11,038,286)	
SKAGWAY	137	136	\$698,163	155.1	\$623,760	(1451,440)	\$627,163	134.8	\$560,327	(1278,727)	
SOUTHEAST ISLAND	419.4	435	\$4,435,135	103.9	\$4,140,094	(1638,306)	\$3,670,378	105.4	\$3,426,212	(1587,431)	
SOUTHWEST REGION	472.1	491	\$5,751,835	106.7	\$5,383,893	(1998,907)	\$4,009,665	111.3	\$3,752,981	(1887,449)	
ST. MARY'S	101.2	125	\$1,451,953	75.9	\$1,614,078	\$253,278	\$1,371,535	75.6	\$1,524,680	\$244,298	\$244,298
TANANA	81	86	\$1,241,893	83.8	\$1,186,698	\$81,498	\$1,008,079	81.4	\$963,275	\$91,889	\$81,498
UNALASKA	159	170	\$1,387,667	104.9	\$1,335,302	(1221,098)	\$1,111,194	85.8	\$1,069,263	\$49,594	
VALDEZ	695	697	\$4,494,277	87.2	\$4,056,489	\$127,089	\$3,109,492	81.6	\$2,806,597	\$261,982	\$127,089
WRANGELL	434	497	\$2,543,130	108.8	\$2,302,717	(1481,883)	\$2,106,611	110.8	\$1,907,283	(1440,598)	
YAKUTAT	157	147	\$1,246,559	102.8	\$1,050,444	(1149,556)	\$1,134,896	100.8	\$956,348	(1114,719)	
YUKON FLATS	372	390	\$5,303,295	102.4	\$5,003,915	(1468,285)	\$4,599,629	100.4	\$4,339,783	(1448,551)	
YUKON-KOYUKUK	612.6	556	\$7,269,553	104.4	\$5,938,107	(1949,893)	\$5,785,085	102.9	\$4,725,525	(1478,007)	
YUPIIT	294.6	281	\$4,433,987	91.0	\$3,806,366	(143,234)	\$3,390,861	86.8	\$2,910,892	\$104,418	
TOTALS	102,212.0	102,142	\$583,594,343		\$527,940,463		\$411,491,267		\$372,787,265		\$2,462,489

A	P	Q	E	S	T	U	V
SCHOOL DISTRICT	FY87 LOCAL LIMITED TO 358 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							
ALASKA GATEWAY							
ALEUTIAN REGION							
ANCHORAGE	\$64,656,060	\$71,812,314	\$64,656,060	\$19,343,356,800	6,283	9,424	12,565
ANNETTE ISLAND					0	0	0
BERING STRAIT					0	0	0
BRISTOL BAY	\$102,532	\$406,164	\$406,164	\$101,541,000	2,895	4,342	5,789
CHATHAM					0	0	0
CHUGACH					0	0	0
COPPER RIVER					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					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	6,505	8,673
GALENA	\$80,428	\$88,224	\$80,428	\$20,106,900	789	1,183	1,578
HAINES	\$390,486	\$401,474	\$390,486	\$97,621,600	2,452	3,678	4,904
HOONAH	\$94,775	\$116,950	\$116,950	\$29,237,500	1,064	1,595	2,127
HYDABURG	\$2,200	\$53,671	\$53,671	\$13,417,800	782	1,174	1,565
IDITAROD					0	0	0
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	\$12,188,600	532	798	1,064
KASHUNAMIUT					0	0	0
KENAI	\$15,621,367	\$18,298,125	\$15,621,367	\$3,905,341,700	5,239	7,859	10,478
KETCHIKAN	\$3,617,536	\$5,472,063	\$3,617,536	\$904,384,100	4,565	6,848	9,131
KING COVE	\$13,000	\$97,566	\$97,566	\$24,391,600	1,049	1,574	2,098
KLAMOCK	\$23,364	\$29,428	\$23,364	\$5,861,100	267	400	533
KODIAK	\$2,193,596	\$2,209,790	\$2,209,790	\$552,447,600	2,242	3,363	4,484
KUSPUK					0	0	0
LAKE & PENINSULA					0	0	0
LOWER KUSKOKWIM					0	0	0
LOWER YUKON					0	0	0
NAT-SU	\$10,867,024	\$18,600,040	\$10,867,024	\$2,716,755,900	3,794	5,691	7,588
NEENAH	\$48,001	\$72,398	\$72,398	\$18,099,500	627	940	1,254
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	102,814	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	\$14,987,600	1,354	2,031	2,708
PETERSBURG	\$541,422	\$680,323	\$541,422	\$135,355,600	2,508	3,762	5,016
PRIBILOF					0	0	0
RAILBELT					0	0	0
SAND POINT	\$105,509	\$298,564	\$298,564	\$74,641,100	3,353	5,030	6,706
SITKA	\$1,764,700	\$3,066,801	\$1,764,700	\$441,175,000	3,293	4,939	6,586
SKAGWAY	\$71,000	\$236,146	\$236,146	\$59,036,600	3,294	4,942	6,589
SOUTHEAST ISLAND					0	0	0
SOUTHWEST REGION					0	0	0
ST. MARY'S	\$17,805	\$100,000	\$17,805	\$4,451,200	196	294	393
TANANA	\$47,021	\$52,350	\$47,021	\$11,755,200	638	957	1,276
UNALASKA	\$122,000	\$382,258	\$382,258	\$93,564,500	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	\$103,670,500	2,542	3,812	5,063
YAKUTAT	\$55,277	\$72,547	\$72,547	\$18,136,700	907	1,360	1,814
YUKON FLATS					0	0	0
YUKON-NUNUKA					0	0	0
YUPIIT							

TOTALS \$133,368,689 \$179,945,517 \$135,935,290 \$51,044,006,850

Southeast Island School District

1621 Tongass Ave. Suite 301 - P O Box 8340 - Ketchikan, Alaska 99901 - (907) 225-9653 or 225-9659



March 6, 1987

The Honorable Steve Cowper
Governor of the State of Alaska
P. O. Box A
Juneau, Alaska 99811

Dear Governor Cowper:

This is to comment upon SB 119/HB 126 (An Act relating to the public school foundation program; and providing for an effective date).

In general, I believe that the Department of Education and your office have done a commendable job of proposing a restructuring of the school foundation program. In my opinion, the new program is appropriately grounded in accepted school finance requirements, and much more closely meets certain legal tests for treatment of P. L. 874 receipts and equalization of wealth.

1. The deduction of 90% of P.L. 874 for all districts appears to end the current disparate treatment, whereby only REAA's have P.L. 874 aid deducted from State aid (previously explicit, the practice continues implicitly by calculation of instructional unit allotments under SB 408).

2. The establishment of a 4 mill requirement up to 35% of basic need, with the State equalizing for those districts in which 4 mills is less than 35%, is a major correction to current statute, under which an opposite, and legally bothersome, concept of equalization is at work under the guise of a secondary distribution program. The current program, which in effect increases the disparity between wealthy and less wealthy communities, cannot meet its demise too soon. The proposed method of equalization is certainly a great leap forward in terms of equalizing expenditures for a free public education.

I do, however, have several concerns with the proposal.

I. Section 10 - AREA COST DIFFERENTIAL

The proposed area differentials need further review and some adjustment. The proposed differentials are based upon an award in a matter of arbitration between the State and its unions. The arbitrator, in turn, based his recommendations upon data contained in a state-sponsored study entitled the "Alaska Geographic Differential Study," which was commissioned by the Department of Administration and completed by the McDowell Group and associates in April, 1985. The use of the data in this study for establishment of area differentials for public school funding presents a dilemma in several respects.

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1. The results of the study are comprehensive, fairly up-to-date, and statistically defensible. At the same time, the author cautioned not to use a study based upon household consumption patterns around the State to "determine pay levels," which are "determined through the process of classification, negotiation, and legislative decision-making."
2. The results of the study (and the arbitrator's award) were used to establish regional pay differentials for State employees. This is very different from establishing regional cost differentials for the operation of school districts due to the obvious major differences between household patterns of expenditures and school district expenditure requirements.
3. The study did not collect data from a number of communities. For example, the "Ketchikan/ Prince of Wales district" consisted of households in Ketchikan, Craig, and Klawock. However, this data is being used to project costs for the Southeast Island School District, none of whose 17 more remote communities are represented in the data base. The same pattern is repeated throughout the study for different areas of the State.
4. The housing category consists of three subcategories - shelter (mortgage payment, rent, condo fees, taxes, etc.), home fuels, and utilities, based upon a cost per square foot of living space.

Several problems are evident in this area, both in the study as well as in its application to school districts. First, the study took all shelter subsidies into account, including employer subsidies, property tax forgiveness for the elderly, Native housing programs, low income projects, etc. Such subsidies were not included as a cost of shelter in such a household. The result is that if a particular study district has substantial subsidies in any of the above categories, has a substantial number of homes upon which the owners owe no money (such as I understand to be the case in Petersburg), and so on, the housing differential would be reduced for that district relative to the base in Anchorage. This has little to do with school districts, and school district funding.

One might argue, for example, that a school district in an area of high subsidies should receive a higher cost differential factor in order to provide a housing subsidy benefit to its employees. The current proposal would prevent such equity because it would provide the reverse, i.e. less funds, and so in effect penalizes a school district based upon general population subsidies.

Second, as the author noted, "the majority of buyers tend to purchase the largest size housing they can afford.... In Anchorage, where home fuels and utilities cost less" than other areas of the State, "homeowners can afford to spend more on shelter."

Third, due to the above reasons and/or other sampling errors, several oddities appear in the data itself. One is that the cost of shelter is 25% higher in Anchorage than in Fairbanks (an average monthly cost of \$885, or \$.61 per square foot, versus \$804, or \$.49 per square foot). In addition, the monthly housing cost for the "Wade Hampton district" (Chevak,

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Mountain Village, Scammon Bay, St. Mary's, Emmonak) was \$188.60, or \$.24 per square foot. In the calculation of the housing differential, the weight given to the data in the shelter sub-category, relative to fuel and utilities, has a skewing effect, so that Anchorage is maintained at an artificially high level and communities in the Wade Hampton district are maintained at an artificially low level. In other words, despite every study district outside of Southcentral Alaska having substantially higher fuel and utility indices than the base, a number have been assigned lower overall "housing" indices due to the weight given to the "shelter" sub-category. Again, especially given the fact that the study made no "allowance for quality in housing," e.g. "the average square foot of housing in Anchorage is clearly superior to the average square foot in Bethel," this is not appropriate for public school funding.

5. Transportation: The study reviewed the proportion of household expenditure allocated to transportation, with the price differential "significantly affected" by the share of the household transportation dollar going to personal air travel. The personal travel component was determined by evaluating the percentage difference between flying from the study district in question to Seattle in comparison to the base district - Anchorage.

Again, this has little to do with school district funding, as school-related travel is largely in-district and in-state. For example, this district spends approximately \$140,000 annually just on transportation in the district for basic instructional services such as special education, administrative functions; school board meetings, and maintenance-related activities. This figure includes no student activities, such as athletics, which, in the case of this district and other districts not on a road system, generally requires travel by air. On a per student basis, these costs far exceed the base. Yet the Ketchikan area, into which this district is lumped, is rated at .86 of the base mainly based upon the price of tickets to Seattle and the frequency that one goes there.

RECOMMENDATION

- a. Use the data in the study as the basis for determination of area differentials, with adjustments of housing and transportation factors as noted below.
- b. For any district whose transportation index was below 1.00, increase to 1.00, so that each school district is put on at least an equal footing with the base district on this factor.
- c. Eliminate the high and the low shelter factors. This has the effect of reducing the skewing created by use of the Anchorage shelter cost as the high and the Wade Hampton as the low.
- d. The resulting area differentials are noted in Attachment A. Anchorage remains the base district, and is not impacted.

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Based upon my personal knowledge of some of the costs associated with school district operations, area differentials adjusted on this basis:

1. More accurately reflect the cost of doing business relative to the base, and therefore provide a better "rational basis" in the sense of achieving a legitimate state aim and surviving a review of equal protection with respect to the establishment of area cost differentials..
2. Are more in line with the data in the study itself, as opposed to only the arbitrator's award.

II. Section 2 - STATE FOUNDATION AID

There is a potential problem with the language regarding deduction of P. L. 81-874 aid "received by the district during the prior fiscal year." The Federal government sometimes delays checks, and adjustments and amendments are frequently made, so that payments are sometimes received in a current year but represent a payment against the District's prior Federal fiscal year's entitlement. This is compounded by the fact that the State regulations (chart of accounts) requires a district's prior Federal fiscal year payment to be treated as revenue in the current year, regardless of when the payment is actually received.

For example, if the language is not modified, the result is that a district might receive a late Federal FY 86 payment in school year FY 87. This would be treated by State regulation as an FY 87 revenue (because it is part of the FY 86 entitlement, and is deferred until FY 87), but would also be deducted at a rate of 90% from FY 88 State aid even though it is not available for expenditure in FY 88 (because the State otherwise required it to be treated as an FY 87 revenue). I realize that this may be confusing, but it does represent a real problem. I have discussed this with Larry Huxel and Nat Cole, both of whom I believe felt that some change was needed to clarify the intent of this section and avoid problems of interpretation. I strongly urge this change to occur in statute, and not later by regulation.

RECOMMENDATION

Change the words "the amount of federal aid received by the district during the preceding fiscal year..." to "the amount of federal aid received by the district as payment for its entitlement during the preceding federal fiscal year" (or similar language).

This change will allow any changes in P. L. 874 payments to be treated in the same manner, whether an increase or decrease, as well as allow school districts to accurately project revenues from one year to the next.

III. Section 8 - SPECIAL EDUCATION

This section proposes a count being based upon the last day of the 20-day period used for counting of regular and elementary instruction.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

This is not an appropriate method for funding special education programs, especially in small schools, because:

1. A district can serve children in special education programs from the first day of school through the day immediately preceding the last day of the count period, and receive no revenue for this program because a child moved; or conversely,
2. A district may not serve a child until the last day of the 20-day count period, and thereby receive full funding.

Something like the latter happened to us this year, so that we received two instructional units more than we had anticipated. Despite this good fortune, we are still opposed to this method of funding special education programs, especially as the reverse could easily occur.

Additionally, under current and predecessor statutes, special education programs in regional districts have been funded as though all of the children being served were in a single community, resulting in a severe underfunding for such programs in at least this regional district. For example, with the above funding fluke, this year our special education revenues cover only approximately 69% of the cost of providing such mandatory programs in this district (without the 2 units, only 42%). The current proposed definition of funding community, with the proposed low floor, would continue this severe underfunding of special education in a district such as this one, and in effect would not provide equal protection to special education children in certain types of districts. I believe that the proposed funding floor per community, if revised, will offset this concern.

RECOMMENDATION

Alternate A: Keep the same 20-day counting period as used for elementary and secondary education, and/or give each district the option of using the 20-day count period or the single-day count period if more convenient. Increase the minimum for funding community from .25 to .45. This approach may be unnecessarily cumbersome; or,

Alternate B (preferred): Define "funding community" as any community defined as a funding community pursuant to the regulations proposed in Sec. 14.17.031 (Section 5 of the proposed legislation). In other words, if a district has 5 identified communities, that district would minimally receive the value of the floor per funding community multiplied by 5. Without this change, I believe that it will be virtually impossible to accurately project special education revenues in this and similar districts. If this is done, the funding minimum per community should be raised to .35 rather than the proposed .25.

These changes would allow a district to accurately plan its special education revenues and programs, and prevent significant underfunding of special education programs in districts with many remote schools served by itinerant personnel.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

IV. Section 7 - Vocational Education:

The same comments as above with respect to counting periods and funding communities apply in this section as well with respect to counting of vocational education ADM.

RECOMMENDATION

(a). Allow each district the option of using the full count period, or the last day of the count period; or, (b) define funding community as noted for special education above. This change again would help small districts to do more accurate planning and forecasting.

V. Section 15 - STUDENT COUNTING PERIOD

a. I still have not heard a good explanation as to why a 20-day period is superior to the former nine week period, especially when the latter provides more data over a longer period of time, and thus would tend to prevent wild fluctuations resulting from a sudden enrollment loss (or gain).

RECOMMENDATION

Revert back to the nine week count period (which was in effect for many years with, to the best of my knowledge, no complaints from school districts). If this change is made, obviously the above comments with respect to the 20-day period should be changed accordingly.

b. In addition, the proposal assumes that each school district operates on the same calendar. This is not true. In this district, we start some schools in early August, and resume after a long winter break. The required 20-day period ending on the fourth Friday is not appropriate for us, nor is the second count ending the second Friday in February. Legislative intent language for SB 408 recognized this difference by providing for alternative periods. This should now be a statutory provision. This concern has been reviewed with Larry Huxel, who I believe felt that a change would be appropriate.

RECOMMENDATION

Specifically state that a district may request alternate (earlier) count periods for the first count and alternate (later) count periods for the second count, and authorize the Commissioner to approve them.

VI. MITIGATION OF ENROLLMENT LOSS

Using a hold harmless provision, the proposal protects a district against the new formula via a transition period, but lacks a mitigation factor in the event that a school district experiences a significant loss in enrollment. This is especially crucial given recent legal rulings regarding certificated personnel under contract.

The Honorable Steve Cowper
Governor of the State of Alaska
March 6, 1987

RECOMMENDATION

Adopt language identical or similar to AS 14.17.031 (d), clearly referring to a drop in enrollment (which a loss of instructional units implies).

I believe that, with these changes, the proposed foundation legislation will result in an improved school funding program. In addition, at long last, all school districts will be able to concentrate on the education of children, not school funding mechanisms, next year and into the future.

Sincerely,



Robert Weinstein
Superintendent

RW:cm

xc: Legislators
Pete Jeans
Marshall Lind
Larry Huxel

ATTACHMENT A

Area Differentials as Adjusted

- I. The attached sheet, in column d, shows area differentials when two adjustments are made as noted in the text of the letter. All school districts are kept in the same study district, even though an objective analysis might show that this needs some change based upon actual location of school districts.
- II. Data in columns a, c, i, j, and k are from the Department of Education sources. If any changes have occurred in Department-calculated units (column a), and required local effort (column i), then other columns would be correspondingly impacted.
- III. It should be noted that, based upon some personal knowledge, the following changes should be considered.
 - a. Wrangell and Petersburg should probably be in a 1.04 - 1.07 range. Unique shelter cost factors in the study are likely having a negative impact upon area differentials for these districts.
 - b. Chatham was in the Sitka district in the Study. It more properly belongs in the same area as Hoonah.
 - c. Kake was included in the Wrangell/Petersburg area. It probably belongs in the same area as Hoonah and Chatham. (It may be that all of rural Southeast Alaska belongs in the same differential category.)
 - d. Yukon/Koyukuk probably belongs in the same area as Yukon Flats. The same comment might apply to Iditarod as well.
 - e. Aleutian area (Adak, Aleutian, Sand Point, etc.) probably belong in at least the same area differential as Bristol Bay, Southwest Region, etc.
 - f. An analysis of this matter should be made by those with expert knowledge of relative costs in those parts of the State.
- IV. The totals do not include hold harmless aid for any district losing more than 10% of its State aid. However, increases in State aid in a number of districts, which otherwise would have been eligible for more aid under hold harmless provisions (such as Annette Island, Dillingham, and North Slope), in large part offset costs of this proposal.

Unit value =

6000.00

District	(a) Total Units	(b) Area Diff (55 119)	(c) Units (55 119)	(d) Area Diff (adj)	(e) Units (adj)	(f) Basic Need (adj)	(g) 5% Basic Need	(h) 3% Basic Need	(i) Required Local Effort	(j) 25% 4 mills	(k) Deduct. PL 874	(l) State Entitle ment
Alaska Gateway	52.21	1.27	66.31	1.29	67.35	4041054	2626655	1414369	1414369	1792633	2248421	
Aleutian	69.62	1.16	80.76	1.17	81.46	4897324	3176761	1710563	1710563	626475	4260549	
Anchorage	21.21	1.27	26.94	1.29	27.26	1641654	1067075	574579	574579	294602	1347052	
Annette	3072.29	1.00	3072.29	1.00	3072.29	1843374	117919310	64518090	63820630	0	2554281	119563582
Bering Strait	39.90	1.00	39.90	1.07	42.69	2561550	1665027	896553	896553	1406826	1154744	
Bristol Bay	183.92	1.34	246.45	1.34	246.45	14757162	9511657	5175509	5175509	4199309	10587659	
Chatem	25.75	1.27	32.70	1.32	33.99	2059460	1325610	713790	406164	307626	233301	1379935
Chugach	46.09	1.00	46.09	1.04	47.93	2976016	1899410	1006606	1006606	723548	2093169	
Cooper River	24.58	1.11	27.28	1.12	27.53	1651776	1073654	578122	578122	162156	1469620	
Cordova	66.96	1.11	74.33	1.12	75.00	4499712	2924813	1574299	1574299	397942	4101770	
Craig	39.52	1.11	43.67	1.12	44.26	2655744	1726234	929510	495929	433581	13925	2145290
Delta Greely	24.75	1.00	24.75	1.07	26.48	1588950	1032319	556132	149219	406914	24325	1415406
Dillingham	80.68	1.16	93.59	1.17	94.40	5663736	3681428	1982308	1982308	1042266	4621450	
Fairbanks	42.54	1.27	54.03	1.32	56.15	3369168	2169959	1179209	430063	749146	298915	2640190
Galena	1042.91	1.04	1084.63	1.05	1095.06	65703330	42707165	22996166	15907656	4065510	0	46795674
Haines	19.60	1.30	25.46	1.31	25.69	1540560	1001364	539196	80428	455769	474167	985965
Hoonah	37.52	1.05	39.40	1.08	40.52	2431296	1580342	850954	390466	460463	34464	2006346
Hydaburg	25.77	1.05	27.06	1.06	27.83	1669896	1025432	584464	116950	467514	190808	1362139
Iditarod	15.74	1.00	15.74	1.07	16.84	1010508	656830	352678	52671	300607	0	956837
Juneau	57.91	1.30	75.29	1.31	75.65	4551726	2958622	1592104	1592104	849587	3702139	
Kake	357.15	1.00	357.15	1.08	385.72	23143320	15043158	8100162	6755969	1344193	20801	16366550
Kashu	22.90	1.00	22.90	1.00	22.90	1374000	893100	480900	48754	432146	267513	1057733
Kenai	22.86	1.30	29.72	1.31	29.95	1796796	1167917	622879	622879	496907	1297889	
Kenai	744.02	1.00	744.02	1.02	759.96	45537696	29599502	15938194	15465124	0	112255	29437247
Ketchikan	198.10	1.00	198.10	1.07	211.97	12718020	8266713	4451307	3617536	833771	5272	9095212
Ketchikan Cove	18.30	1.27	23.24	1.29	23.61	1416420	920673	495747	97566	393121	138005	1180649
Klawock	21.27	1.00	21.27	1.07	22.76	1365534	887597	477537	23364	454573	247431	1094739
Kodiak	219.08	1.09	239.80	1.09	239.80	14327832	9313091	5014741	2209790	2204951	114845	12003197
Kusok	58.20	1.30	76.44	1.31	77.03	4621680	3004092	1617588	1617588	1212998	3406682	
Lake & Pen	71.40	1.27	90.65	1.32	94.25	5854250	3575572	1979208	1979208	1036848	4519032	
Lower Kusk	341.73	1.38	471.59	1.42	465.26	29115396	18925007	10190369	10190369	5920958	23184406	
Lower Yukon	172.11	1.30	223.74	1.42	244.40	14663772	9531452	5132320	5132320	4633701	10030971	
Mat-Su	714.16	1.00	714.16	1.00	714.16	42849600	27852240	14997360	10867024	4130326	18221	31964355
Nenana	18.46	1.20	22.15	1.21	22.54	1340196	871127	469069	72395	396671	4653	1263145
Nome	63.70	1.34	85.36	1.34	85.36	5121400	3329962	1792518	606540	1185978	72713	4442227
North Slope	131.74	1.42	187.07	1.48	194.98	11692512	7604033	4094479	4094479	0	1076069	6527964
NW Arctic	192.17	1.42	258.68	1.48	269.61	16176696	10514652	5661244	940181	4721663	3018768	12217727
Pelican	10.25	1.05	10.76	1.08	11.07	664200	431730	232470	59950	172520	0	604250
Petersburg	53.97	1.00	53.97	1.00	53.97	3238200	2104930	1133370	541422	591948	6151	2690627
Pribilof	22.55	1.27	28.64	1.29	29.09	1745370	1134490	610880	610880	602752	1142618	
Railbelt	46.27	1.20	55.52	1.21	55.99	3359202	2183481	1175721	1175721	0	3359202	
Sand Point	17.53	1.27	22.26	1.29	22.61	1356822	881934	474658	299564	176324	0	1058259
Sitka	131.51	1.00	131.51	1.04	136.77	8206224	5334046	2872178	1764700	1107478	78602	6362922
Skagway	17.07	1.05	17.92	1.08	18.44	1106136	718988	387149	236146	151002	0	869990
SE Island	77.33	1.00	77.33	1.07	82.74	4964586	3226981	1737605	1737605	764212	4200374	
Southwest	84.09	1.27	106.79	1.32	111.00	6659928	4328953	2330975	2330975	1645217	5014711	
St. Mary's	15.12	1.30	19.66	1.42	21.17	1288224	837346	450878	17805	433073	255748	1014671
Tanana	13.33	1.30	17.33	1.31	17.46	1047733	691030	366708	47021	319687	186392	814325
Unalaksa	20.42	1.27	25.93	1.29	26.34	1580508	1027330	533178	382259	170920	166433	1029817
Valdez	84.73	1.11	94.05	1.12	94.90	5693356	3701006	1992850	6773307	0	35633	3655373
Wainwright	46.41	1.00	46.41	1.00	46.41	2794600	1809990	974610	434682	539928	1664	2348254
Wainwright	21.23	1.05	22.29	1.08	22.93	1375704	894208	481496	72547	408949	56387	1246770
Yukon Flats	64.09	1.42	91.01	1.42	91.01	5460468	3549304	1911164	1911164	702267	4756601	
Yukon Kovukuk	90.87	1.30	118.13	1.31	119.04	7142382	4642548	2499834	2499834	1454300	5688082	
Yupik	47.10	1.30	61.23	1.31	61.70	3702060	2406329	1295721	1295721	1043126	2658934	
Total	9211.35		9962.74		10130.10	607806.0	395073.9	212732.1				432605142

(in 1000's)

FROM: Senator Jay Kerttula

DATE: March 1987

SUBJECT: Features of SB 119; an act relating to the public school foundation program

1. Teachers Retirement System - The school district contribution to TRS is excluded from DOE's definition of "basic need." This is not handled by any additions amendments or repeals of existing school formula language so it must be DOE's intent to cause a change to be made in the operating budget or some other chapter. DOE estimates the cost at about 3.4% of the typical school district's budget or 23 to 26 million total for FY 87-88.

RECOMMENDATION: On page 1, line 29, add: "The employers' contribution to the Teachers Retirement System continues to be a state responsibility and is funded under a separate program." Appropriate an additional 23 to 26 million.

ANALYSIS: DOE's formula will work much better for Mat-Su and Ketchikan if the 3.4% in state funding for TRS is retained as a staff responsibility. If Mat-Su and Ketchikan have to pick up this additional expense, they may not be able to continue their existing education program without bumping against the 5.5 mill lid on local tax effort. These are the numbers for Mat-Su. Ketchikan's situation should be similar:

Mat-Su budget for FY 86-87 excluding debt service and transportation (after Gov. Sheffield's cuts of July '86)	\$46,515,220
Cost to Mat-Su of assuming TRS at 3.4% of \$46,515,220	1,581,516
Mat-Su budget with TRS	<u>\$48,096,736</u>
Maximum that can be raised for above purposes under SB 119 at 5.5 mills (current Mat-Su mill levy equivalent 7.2 mills	\$46,924,734
Shortfall-mandated state reduction in Mat-Su education program	<u>\$ 1,172,002</u>

The \$46,515,220 budget the Mat-Su school district is now operating under is a lean budget and about 3 million less than what was assumed to be available in May 1986 when the Assembly approved an approximate \$49 million budget - the \$49 million was cut back by about \$3 million in July 1986 in the aftermath of a fall in oil prices. State funding was cut back by about \$3 million.

If the state continued to fund TRS for the Borough at an approximate cost to the state of \$1.6 million, the current Assembly - and subsequent assemblies - could, with a mill levy not exceeding 5.5 mills, appropriate sufficient monies to maintain a program at 1986-87 levels. With a 5.5 mill levy limit, and with an additional \$1,581,516 liability to be paid by borough property taxes, the Borough would be able to achieve FY 86-87 program levels (unless enrollments increased or assessed valuations decreased).

The current and subsequent assemblies may not see fit to maintain funding at FY 86-87 levels, but, if they should want to, the combination of the 5.5 mill lid and the transfer of TRS responsibility would deny them the opportunity to make this decision.

TRS should stay with the state, at least for the fiscal year. The governor could make recommendations to the legislature on the handling of TRS funding for the FY 88-89 fiscal year.

A transfer of TRS responsibility at this time complicates analysis of the affect of SB 119 school finances.

This is the way the DOE change looks at first glance:

Apparent funding:

	Basic Need at 60,000 Per Unit	Deduct Required Local Effort at 4 mills	Deduct 90% Deductible PL 874	FY 88 Proposed State Aid
Mat-Su	\$42,849,600	\$10,867,024	\$18,221	\$31,964,35
Actual funding deduct TRS	<u>1,581,516</u>	<u>10,867,024</u>	<u>18,221</u>	<u>31,964,35</u>
	41,268,084			

Apparent differences in 1986-87 funding and 1987-88 funding:

1987-88	31,964,355	
less TRS	<u>1,581,516</u>	
Adjusted	30,382,839	
1986-87	<u>27,349,497</u>	
	3,043,342	(about 10% actual gain)

\$42,849,600 is within striking distance of the FY 86-87 \$46,515,200 Mat-Su Borough expenditure level; \$41,268,084 is too low to qualify for the term "basic education. The term "basic need" should not be used to describe an unrealistically low level of expenditure.

2. Raising the \$60,000 basic need amount - To further narrow the gap between the state defined "basic need" of \$41,268,084 (\$42,849,600 if TRS stays with the state) and a fairly lean FY 86-87 budget of \$46,515,220, it would be desirable to increase the basic need to \$63,000 per unit and to cover the additional cost by increasing the mandated mill levy to 4.5 mills. If this were done, this is what would happen:

Mat-Su	Basic need at \$63,000 per unit 714.16 units	Additional Revenue with add on of .5 mills (4.5 mills)
	\$44,992,080	\$12,200,402 (4.5 mills)
original basic need aid	<u>\$42,849,600</u>	<u>\$10,867,024</u> (4 mills)
Additional funding	\$ 2,142,480	\$ 1,333,378 (additional revenue)

Because of Mat-Su's poor tax base, 5 mill does not raise much; only half as much per pupil as a .5 Anchorage mill levy would raise. In Anchorage, .5 mil's would raise about \$9.5 million - enough to cover the increases in basic need.

Anchorage and Fairbanks are underfunded with a basic need set at \$60,000. The state established "basic need" for those districts should be more realistic. The March 4, 1987, issue of Anchorage Daily News reports that, "The Anchorage School Board Tuesday night officially passed a 1987-88 budget for \$243 million - 13 million of which it doesn't have - and left to the Anchorage Assembly and school employees the task of making up the shortfall..."

Finally, it will be necessary to raise the \$60,000 per unit if TRS payments are included within the definition of "basic need." There is not enough money in a \$60,000 unit to cover the cost of TRS.

3. Political Features - There are two features in SB 119 that appear to be purely political. They are:

(a) Retention by districts of 10% of PL 874 monies: This is a \$7 million item (out of a \$602.5 million school foundation pie) - about 1%. This \$7 million has supposedly been allocated to give school districts an incentive to ferret out pupils who can generate federal PL 874 monies. Seven million dollars is a very large amount of money to pay out as an incentive - no such incentive appeared to be necessary before 1981. Before 1981, the state deducted 100%.

Excluding the 10% from the formula will mislead the reader of DOE's tables as to the amount of money available to individual school districts for school operations. The amount available to Lower Yukon REAA is not \$13,424,400, the amount shown as Lower Yukon's "basic need" at \$60,000 per instructional unit. The amount available to Lower Yukon is:

Local effort	0
state	8,790,699
PL 874 (90% in formula)	4,633,701
PL 874 (10% not in formula)	514,859
Total	<u>\$13,939,259</u>

An extra half million dollars (\$514,859) for a school district is significant and should be shown as money available to the school district. Otherwise, comparisons of the school district with other school districts will be misleading. A change in state funding which is reported as a deduction may well refer to a situation where there has been an increase in total funding available to the school district.

RECOMMENDATION: Insist that the PL874 monies not in the formula which are available to the school district for general school purposes be listed in tables showing monies available for unrestricted school district expenditure. (Pupil transportation, school debt reimbursement, Johnson-O'Malley, etc., should not be listed as they are for restricted programs.)

*R.
Effect of
greater*

(b) 4 mill levy or 35% of basic need, whichever is less. The policy to fund a minimum of 65% of the basic need of each school district exempts Anchorage, the largest school district in the state, from paying an amount equal to a 4 mill property tax levy. Four mills in Anchorage would raise \$77,373,427. Sixty five percent of Anchorage's \$184,337,400 basic need is \$64,518,090. There is a \$12,855,337 gap, more than a half mill's difference, between what Anchorage would contribute at 4 mills and at 35%. This is approximately \$13 million out of a \$602 million dollar school funding pie - about 2%. With a 60% minimum state match, Anchorage would have to contribute about 73.6 million. Anchorage currently contributes about 64 million so the desire probably was to keep Anchorage's contributions constant.

4. Heavy funding of smaller schools - In the larger school districts there is a fairly close correspondence between number of certificated personnel and number of instructional units - in Anchorage there are about 4% more units than certificated personnel. This is true of both classroom teachers and administrators (one category) and special program personnel - special education, bilingual and vocational educations (can be considered as a separate category).

This relationship breaks down in the smaller communities - generally communities with less than 600 pupils. In Lower Yukon, there are about 24% more units than certificated personnel. The formula for smaller communities such as those in Chatham (\$6,395 in state dollars per pupil) has apparently been established to generate more money for headquarters and non-personnel costs. The new DOE formula is vastly more fair than the old, but there may still be an excessive recognition of small school costs. Here is where the extra money would be generated:

SB 119, p. 4, line 15

<u>ADM</u>	<u>Units</u>
1 -10 2	

COMMENT: This is probably realistic; it is very hard to operate a small remote school with just one teacher, regardless of how small the district is. Married couples often teach.

RECOMMENDATION: The range should be expanded: two teachers can handle 15 pupils. The 1962 Foundation Act funded one teacher unit for 8 - 16 pupils.

11-20 2 + (ADM - 10)

COMMENT: This portion of the formula would generate a partial teacher 2/10ths of a teacher, 4/10ths of a teacher, etc., who would not in fact be hired. Fifteen pupils would generate 3.5 units more than one unit for each five pupils. This is too much. The funding for the partial teachers would go to district headquarters, non-salary costs, etc.,

The argument for these partial units is that the arrival or departure of one pupil should not be the occasion for a district incurring a \$60,000 gain or loss. A pupil might be held over for a grade just so the district could break into a higher entitlement category for an additional \$60,000 unit. This could sometimes happen. However, the cost of creating transition funding is very expensive. In the case of a two teacher, 11-20 pupil school, a premium of up to 90% (3.8 units divided by two teachers) is excessive.

RECOMMENDATION: The solution is to put in an intermediate step for a three teachers school as follows:

<u>ADM</u>	<u>UNITS</u>	<u>TEACHER-PUPIL RATIO</u>
1-16	2	2:1 to 1:8 Average 1:14
17-30	3	1:57 to 1:10 Average 1.7.8
31-60	4 + <u>(ADM-20)</u>	1:78 to 1:10 10 Average 1.8.9
61-120	6 + <u>(ADM-60)</u>	1:10 to 1:11 12 Average 1:10.5
121-525	11 + <u>(ADM-120)</u>	1:11 to 1:13.8 15 Average 1:12.4

There are very good teacher-pupil ratios and much better than ratios funded in the 1960's.

The above allocations, if they were for teachers only, would put more teachers in the classroom than actually exists today. The excess funding will provide additional monies for district headquarters personnel, travel, and minimum costs of operating in separate facilities.

Average staffing for smaller schools in FY 1984-85 was:

1 - 16	1:5.5	compared to proposed 1:14
17 - 24	1:8.7	
25 - 40	1:6.8	
41 - 70	1:11	compared to proposed 1:89 for 31-60
71 - 120	1:10	
121 - 200	1:9.7	

There are arguments for allocating more instructional units to smaller schools than certificated persons assigned to them. A ten pupil classroom costs about the same to heat, light, and maintain as a 20 pupil classroom. This means that these non-salary costs would be about double per pupil in the small classroom than in the larger classroom.

However, this has already been taken into account. Where a smaller school generates one instructional unit for a 10 pupil classroom while a larger school generates one unit for a 20 pupil classroom, there will be twice as much instructional unit funding behind each small classroom pupil as there is behind each large classroom pupil. This means there will be twice as much non-salary funding behind each small classroom pupil as there is behind each large classroom pupil. Expressed another way, the number of dollars available for non-salary costs will be the same for the 10 pupil classroom as for the 20 pupil classroom.

The other argument is that the smaller schools are generally in high costs of living areas. This is true. However, DOE's instructional unit differential takes care of this. A unit for the Aleutians does not generate \$60,000; it generates 84,000 per unit - 40% extra.

DOE, in arriving at an average daily membership driven formula for small schools, has probably done something similar to what the 1986 legislature did in passing SB 75. It did not ask how much do the school districts with small schools need to operate their small schools. Rather, it asked how a formula can be devised to continue funding for small schools at close to previous levels, while ironing out obvious inequities among districts with small schools. Since previous legislatures had been generous in funding small schools, DOE accepted this as a fact of life. If DOE were writing on a blank slate, their formula for small schools would have probably been less generous.

DOE is working on a budget that was cut about 10% in July, 1986 for all school districts, including districts with small schools. The latter districts were the districts that were accumulating fund balances so rapidly in the late 1970's and from 1980 to 1985. They now have 10% leaner budgets and less margin for non-essential spending.

027
4.5
Equity in SB 119 formula: Except for the 10% windfall to PL 874 receiving districts, the \$13 million windfall to Anchorage (65% or 4 mills, whichever is the lesser) and the tilt toward smaller schools, the DOE formula is fair. Almost certainly, any amendments proposed by school districts which would lose money under SB 119 will make SB 119 less fair and more arbitrary. By relying on the Average Daily Membership of individual schools, DOE has gotten around school districts boundaries and has treated each school the same regardless of which school district the school lies in and regardless of which legislative district the school is in. The bizarre disparities between funding for similar school districts such as Sand Point and King Cove, Skagway, and Haines, Galena and Yukon-Koyukuk, are gone. This is great progress.

Both SB 45 and SB 119 should yield about the same results since dollars are generated by number of pupils in different sized schools. With amendments, either bill can tilt toward or away from the small school. SB 45 places a floor beneath school districts which historically have had high non-personnel costs. This means that the instructional unit, which is a device intended primarily to fund teachers salaries, does not have to be used as a blunt instrument to adequately fund high non-salary costs districts by overfunding low non-salary cost districts.

Training and Experience

SB 119 would be a better bill if it gave full or partial recognition to training and experience (T & E).

SB 45 includes T & E.

T & E is an actual cost of doing business just as utility rates and freight rates are an actual part of doing business. If an instructional unit approach is used, you would not want to give any more than about 70% credit for T & E. as approximately 30% of the average instructional unit is going for expenditures other than salaries of certificated persons - for classified employee salaries and non-salary costs.

The following amendments to SB 119 would add a T & E factor:

SB 119, p. 6, line 27, after Sec. 9 add a new Section 10 and renumber succeeding sections.

Sec 9, section AS 14.17.049 is added to read:

AS 14.17.049. TRAINING AND EXPERIENCE INDEX. The number of instructional units generated by AS 14.17.041, AS 14.17.043, AS 14.17.045, and AS 14.17.047 shall be adjusted to reflect the average training and experience of the certificated persons in the school district.

To calculate teacher salaries, the department shall annually prepare a training and experience index for each school district based on the average years of experience, not to exceed 15, and the average number of postbaccalaureate degree credits, not to exceed 54. The index shall range from a basic unit of 1.00 to a maximum unit of 2.00. The basic unit of 1.00 shall be calculated as the equivalent of \$26,078 and the multiples to be applied to the Training and Experience Index for the school district shall be .5.

The foregoing language would give recognition to most of a school district's T & E costs, but not complete recognition. The school district would still have an incentive to keep personnel costs down by hiring less trained and less experienced teachers.

Alaska has never used a T & E index. Some states, including New Mexico, give full recognition to T & E. The state DCE had given consideration in 1985 to giving 30% credit toward instructional units - the instructional unit would be multiplied by 30% of the T & E factor for the district.

Larry Huxel, the Law and Finance Director of the Department of Education, described the formula in about September 30, 1985. The training and experience index reflects the relative degree of training and experience of personnel paid from the teacher salary schedules in each district (base 1.0, maximum 2.0). Ratios of district salaries to base salary from designated points on each district's teacher salary schedule were calculated. From these ratios a state ratio schedule for training and experience was derived. The number of district personnel paid from the teacher salary schedule was utilized to calculate the district's Training and Experience Index. It is proposed that this index be used as an adjustment factor in the formula.

A T & E Index is likely to be controversial because it is fairly expensive. To the extent that money must be allocated to school districts with more senior and more trained teachers, to that extent money has to be taken away from districts with less senior and trained (less costly) teacher. Copper Valley, an REAA with an unusually senior staff (who are higher in the pay ranges) would benefit. A school district with rapid turnover would probably not benefit.

RECOMMENDATION: Explore informally with others interested in partially recognizing T & E costs. If there is interest, ask DOE to cost out a program based on 50% of the T & E index applied to number of instructional units. DOE already has the methodology to apply a T & E factor. Even if an amendment could not be retained for .5 of the T & E times the unit, it would be a good idea to get the T & E concept embedded in the formula at this time, even if it is only a token recognition of this cost at this time - 20%, 30%, etc.

ST. MARY'S SCHOOL DISTRICT
P.O. Box 171
St. Mary's, Alaska 99658

MEMORANDUM

TO: Senator Paul Fischer, Chairman
Senate Health, Education and Social Services

FROM: Larry Beans, Vice President
St. Mary's School Board

DATE: March 16, 1987

RE: SB-119

The St. Mary's School District is very concerned about funding for its educational programs. The District has been very conservative in the past. Currently, teacher and administrator salaries and benefits are among the lowest of any district in the region. Revenue from interest income has been reserved for use in program expansion at the time that St. Mary's Catholic High School closed its doors. It appears that St. Mary's is being penalized for saving its money. SB-119 would reduce State funding to St. Mary's by 45% over a three-year period. At the same time, it would reduce the fund balance to \$95,000 at the time when those funds are needed most due to the June closure of the Catholic school.

St. Mary's is proud of its first class city status. For twenty years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed, to make programs work. SB-119 is not encouraging to small rural cities or boroughs. This bill needs some modification to make it workable. Attached are various concerns which, if addressed, would make this a more equitable piece of legislation. We would be happy to provide more information on each concern, if you so desire.

No property Tax

HB-126/SB-119
CONCERNS OF ST. MARY'S SCHOOL DISTRICT

Section 14.17.025(c) LOCAL EFFORT. Interest earnings are limited to a maximum of 5.5 mill equivalent, "in accordance with regulations adopted by the department." That clause leaves excess interest earnings in limbo. What can the District use the funds for? Is the District going to be penalized for exercising good cash management? Are students going to be penalized because interest income does not fit into a formula?

Clarification of how excess interest funds can be used needs to be an integral part of the bill. Districts that maintain effective cash management techniques shou' be able to reap those rewards rather than be penalized.

Section 14.17.031(b) ALLOWABLE INSTRUCTIONAL UNITS. This hold-harmless provision is based solely on changes in the total number of elementary and secondary instructional units, rather than the change in dollar value of those units. This does not equate to a hold-harmless on 90% of funding.

Section 14.17.041 ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS. The new formula has diminished the base value of all unit categories by three units. The net effect of this is that small, rural communities receive a greater reduction than larger communities. A community with 100 students is reduced from 16 units to 13 units (a 19% reduction), while a community with 500 students is reduced from 43 units to 40 units (a 7% reduction). In other words, those that are small get cut by nearly three times more than a district five times larger, and the ratio increases even more as the size of the district increases.

Section 14.17.051 AREA COST DIFFERENTIAL. The apparent method used in ascertaining the area cost differential is not reflective of the differences in cost of operating a school district. The McDowell report was based on costs of living for individuals in certain geographic areas. The cost of living of an individual is quite different from a school district. Likewise, those costs have changed in the last four years.

The cost differentials currently listed are reflective only of that portion of a district's budget that is made up of salaries and wages. The balance (anywhere from 30% to 60%) of the budget is supply, travel and plant operations costs. Isolation factors are much more reflective of the differences found in these costs.

A combination of factors as related to the percent of average budget needs to be used to calculate area differential. It is crucial for this to be done. Otherwise, there will never be equity within the distribution formula.

Section 14.17.082 FUND BALANCE. The first thing that needs to be clarified is the definition of fund balance. A clear definition will result in a calculation that will mean the same thing in every district audit. In the past, districts and auditors had so much discretion that it was not possible to accurately compare fund balances.

Second, districts that receive an appropriation from the city or borough should treat the full amount appropriated as an obligation of the city or borough. Unexpended obligations should not lapse back to the city or borough, therefore leaving the district with no fund balance. If you want to compare fund balances, make sure everyone is playing by the same rules.

Third, there are very valid reasons for having a fund balance. In the past, most districts were allowed a ten percent fund balance. Suddenly, that number has been dropped to five percent. In small districts, ten percent is more realistic than five, and a case can be made for retaining a balance even greater than ten percent. A district can accurately budget for most everything other than utilities, equipment failure and catastrophies. The cost of utilities is dependent on weather conditions. Equipment failure and catastrophic events that are not insurable cannot be accurately budgeted for, without creating a fund balance at year end.

Lastly, the question arises as to the propriety of the state penalizing a district for retaining what may be local funds. If a city or borough appropriates the maximum local effort allowed, and expends an amount equivalent to the minimum, why can't the district carry forward a fund balance that is made up of local dollars? The question of local control is being seriously tested.

Senator Coghill

work for Washington

A M E N D M E N T

To: Senate Bill 119

*Section 5, AS 14.17.031

Page 3, starting on line 18 delete the sentence:

"For the purpose of determining instructional units, students are counted in the district and the funding community from which they receive educational services."

and insert new sentence:

"For the purpose of determining instructional units, students receiving educational services from a district other than the district they reside in, shall be counted as a separate funding community in the district they live."

We would like to change the above language because in effect it is arbitrarily changing district boundaries by counting the students in the district they receive services and not in the district they live. Many districts contract services out with other districts. It would take kids from one district and automatically put them in another district. Some kids may live in a district with a higher area differential than the district they receive services, so the district serving these kids would generate less money than if they had a contract with the district where the kids live.

Nenana 630,000

District Annual Contributions

NO. 1

Dies

Senator Coghill

A M E N D M E N T

To: Senate Bill 119

*Section 10, AS.14.17.051

Page 7, Line 4 delete area cost differential of 1.16 for Alaska Gateway and change to 1.20

Page 7, Line 12 delete area cost differential of 1.11 for Copper River and change to 1.20

Page 7, Line 15 delete area cost differential of 1.16 for Delta/Greely and change to 1.20

We would like to change the area differentials because they were based on an October 1986 arbitrator's decision that sets area differentials in salaries of the state employees and not on the actual educational costs in the school districts.

No cost of Education Study

Arbitrators Decision

Passes

3/2

Senator Coghill

A M E N D M E N T

To: Senate Bill 119

*Section 13, AS 14.17.082

Page 9, line 22 delete five percent and insert ten percent.

Section would read:

(a) A district may not accumulate in any fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, which is greater than ten percent of its expenditures for that fiscal year.

PL \$
Local \$
State \$

NO. 3

A M E N D M E N T

Offered in the SENATE

By Kerttula

TO: SB 119

Page 6, line 4, following "services,":

Insert "0.1 instructional units for a student of any age if the student attends a school that offers services ~~only~~ to developmentally disabled students,"

↓
EXCLUSIVELY

NO. 4

Pass over for now

A M E N D M E N T

Offered in the SENATE

By Josephson

TO: SB 119

Page 9, line 20, following "district":

Insert "that appropriates less than 30 percent of its revenue in a fiscal year to education"

Page 9, line 20:

Delete "any"

Insert: "that"

Page 9, lines 24 - 25, following "district":

Insert "subject to (a) of this section"

Page 9, following line 29, insert a new subsection to read:

"(c) The department shall adopt regulations applicable to school districts that are not subject to (a) and (b) of this section to ensure that funds allocated to those districts under this chapter are used for education."

NO. 5

W. what causes situation

A M E N D M E N T

Offered in the SENATE

By Josephson

TO: SB 119

Page 2, lines 19 - 20:

Delete "by the Department of Community and Regional Affairs"

Page 2, lines 28 - 29:

Delete "by the Department of Community and Regional Affairs"

Page 10, line 1, following "is", through line 28:

Delete all material

Insert "repealed and reenacted to read:

Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE. To determine the amount of local effort under AS 14.17.025, the department shall use the full and true value of taxable real and personal property actually levied against in each district, as determined by the district assessor under AS 29.45.110."

Some may not be taxable

Reasons.

1. Personal Property - DCRA Adds in

NO. 6

PROPOSED AMENDMENTS TO SB 119
BY THE DEPARTMENT OF EDUCATION

Page 1, line 22 following "district":

Insert "as of March 1 of that fiscal year as payment for its entitlement for the application submitted"

Page 1, line 23, following "fiscal year":

Insert", including advance payments and adjustments received since march 1 of the preceding fiscal year from prior year applications"

Page 3, line 6, following "department":

Insert "Payments received under P.L. 81-874 (20 U.S.C. 237-239), as amended, may not be counted under (a) or (b) of this section."

Page 4, line 10:

Delete "do not"

Page 4, line 11:

Delete "at least 200 in grades K-6 and at least"
Insert "less than 200 in grades K-6 or less than"

Page 5, line 27, following "UNITS."

Insert "(a)"

Page 6, line 9, following "only." Delete through line 13.

Insert a new subsection to read: "(b) Notwithstanding (a) of this section, in a district that offers a special education program, each funding community receives a minimum of 0.25 instructional units for special education or the district receives a minimum of 1.00 instructional unit for special education, whichever is greater."

page 9, line 6:

Delete "September 20"
Insert "October 15"

Page 10, line 9, preceding "district":

Insert "city or borough"

NO. 7

Page 10, line 9, following "district"

Delete "as defined in AS 14.17.250"

Page 11, line 26:

Delete "one-twelfth"
Insert "one-third"

Page 11, line 1, following "PERIODS."

Insert "(a)"

Page 11, following line 15:

Insert a new subsection to read: "(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day counting period other than the periods set out tin)a) of this section. However, the counting period must be 20 consecutive school days."

Page 14, line2:

Delete "(c) (7)"
Insert "(d) (2)"

Page 15, following line 21:

Insert a new subsection to read:

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

Page 5, line 24:

Delete "and"
Insert "or"

Page 5, line 25, following "units":

Insert ",whichever is greater"

Page 6, line 26:

Delete "and"
Insert "or"

Page 6, line 27, following "units":

Insert ",whichever is greater"

7-Cont.

SECTION BY SECTION
ANALYSIS OF SENATE
BILL 119 - SCHOOL
FOUNDATION PROGRAM

Prepared for the
State of Alaska
Senate Health and
Social Services
Committee by
Gary Thurlow

March 20, 1987

March 23, 1987

P.O. Box 3437
Palmer , Alaska 99645

Senator Jay Kerttula
P.O. Box V
Juneau, Alaska 99811

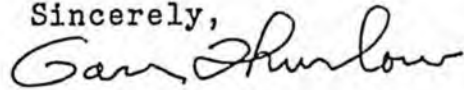
Re: Section by Section analysis of Senate Bill 119 -
School Foundation formula

Dear Senator Kerttula,

The attached section by section analysis of Senate Bill 119 is very similar to the earlier section by section analysis for Senate Bill 45 introduced by you and Senator Paul Fischer in January, 1987.

Both Senate Bill 119 and 45 are true foundation bills in that they take into account all or nearly all of the financial resources available to a school district and in that they deal with funding to establish a statewide system of school finance where the needs of all schools are looked at as a whole. Both bills are based on average daily membership (ADM) of school districts. Both bills give added weight to smaller schools in a similar manner. The fiscal results of the two bills would necessarily be similar.

Senate Bill 119 has been carefully thought out. It is about as fair and evenhanded in its apportionment of state, federal and local monies as an Alaska school finance bill can be.

Sincerely,

Gary Thurlow

SECTION BY SECTION ANALYSIS OF SENATE BILL 119
SCHOOL FOUNDATION BILL

AS 14.17.010 Public school foundation account - this is from existing law, originally enacted in 1962.

AS 14.17.021 State aid - this language establishes the framework for a foundation program. A foundation program is based upon two steps:

(1) first establish the total financial requirements for providing a minimum level of educational opportunity within every school district in the state, and

(2) deduct from the total financial requirements of the school district that amount which the State of Alaska, for one reason or another, is not willing to pay. The difference between what a school district requires for a "basic education" or "basic need" and what the state is willing to pay is the local share to be picked up by the local government. Another way of saying this is that after the financial needs of the school district are identified, and after an amount has been identified as being the financial responsibility of the local government, the state will make up the difference. The proposed AS 14.17.021 differs from the 1962 School Foundation Act in that there is no mandated level of local effort. The 1963 State Legislature mandated a minimum 3.5 mill levy effort or its equivalent on the part of every school district. To insure a minimum statewide program Senate Bill 119 mandates a minimum local effort of 4 mills or its equivalent or 35% of the "basic need" whichever is the lesser. SB 119 exempts Anchorage, North Slope Borough and Valdez from the 4 mill requirement as they can provide a minimum 35% contribution without a 4 mill effort.

How would foundation funding compare to a funding for "basic education?" The education provided by a foundation level of funding is the "basic education" every Alaska school child is entitled to. "Basic education" is not the level of education that can be provided by state dollars alone, but the education that would be available to every Alaska school child from state, federal and local monies. In the case of city, borough and other municipal school districts the program is funded by a combination of state, federal and local dollars - mostly state dollars and property tax dollars, and in the case of REAA schools, through federal and state monies, predominantly state monies.

Local government's share of "basic education". Since it is unlikely that Alaska will follow Hawaii's lead and fund 100% of the costs of a "basic education" with state and federal dollars, a formula is needed for determining how much the state share will be - how much the state will apply to the cost of a basic

education - and how much will come from other sources. It is not possible to keep the local share outside of a formula if that local share is being relied upon to provide a minimum level of educational opportunities throughout the state. See pages 11 through 17 of the attached "Analysis of Public School Finance Legislation in Alaska 1958 to 1987. (Attachment A)

SB 119 assumes that the mix will be:

State	429 million	71%
Local	135 million	22%
PL 874	41 million	7%
Total	605 million	100%

To make SB 119's 429 million comparable to the FY 86-87 funding of \$411,576,752, an approximate amount of 23-26 million must be subtracted from SB's 429 million reducing it to 403 to 406 million dollars compared to FY '86-87's 411 million. This is to reflect transfer of the employers share for Teachers Retirement System (TRS) from the state to the school districts.

Unrestricted Federal Public Law 874 monies of about \$46 million a year are a near constant. Certain Public Law 874 monies are restricted to categorical programs in the school district. They are not included in the formula. The Foundation formula only uses 90% of the unrestricted PL874 monies or about 41 million dollars in funding the basic need.

If a "basic education" as defined by the state costs, say, 605 million dollars that, too, is a constant. The remaining amount, the local share, is the variable. If the state, after looking at a 605 million dollar need, decides it can afford to pay only 429 million of the need, the remainder for city and borough school districts will be:

basic need	605
-less PL-874 revenues	- 41
	564
-less state share	- 429
balance (local share)	135

If "basic need," state dollars and PL 874 monies are constants the mechanism for changing the local share is changing the mandated 4 mill local effort and the 35% of total basic need effort requirement. The 1985 total assessed valuation of real and personal property by the state Department of Community and Regional Affairs was \$51,043,986,800, about 19 million of which was in Anchorage (this amount is subject to a major revision due to assessment problems) and about 13.6 million of which was in the North Slope. A statewide property tax on all real and personal property in cities and boroughs would have to be levied at 2.6 mills to raise 135 million. If any municipality were exempted from paying 4 mills, other municipalities would have to make up the difference by levying a higher property tax, in this case 4 mills.

These are the revenues that a 4 mill property tax or 35% of basic need contribution would raise in the larger city and borough school districts.

	(in millions) assessed valuation	4 Mills	Higher of 4 Mills or 35% of Basic Need	Actual Millage Required
Anchorage	\$19,343	77.4	64.0	3.3
North Slope	13,570	54.3	3.9	.3
Fairbanks	4,727	18.9	22.7	4.0
Kenai	3,905	15.6	15.5	4.0
Matsu	2,716	10.9	15.0	4.0
Valdez	1,693	6.8	2.0	1.2
Juneau	1,689	6.8	7.5	4.0
Ketchikan	904	3.6	4.1	4.0
Kodiak	552	2.1	5.0	4.0
Sitka	<u>441</u>	<u>1.8</u>	<u>2.8</u>	<u>4.0</u>
Total	\$49,540	198.2	129.6	2.6

About 130 million of the 135 million to be contributed by city and borough school districts would be contributed by the foregoing 10 districts. Anchorage currently raises about 64 million in school property taxes. Most probably, the 35% lid on the maximum that a school district is required to raise is derived from Anchorage's current local contribution of 64 million. If Anchorage is exempted from the mandatory four mill requirement, then Anchorage would not have to raise its present mill levy for school operations. If SB 119 used a 40% lid, Anchorage's share would be 73 million for a 3.8 mill equivalent, an increase of 13 million.

A flat percentage requirement for local contributions such as 30% of basic need will not work because poor city school districts cannot pay this amount. For example:

School District	Total Budget	30% local share	Amount one mill levy will raise	Property tax mill levy
Dillingham	\$4,365,215	\$1,310,000	\$107,516	12.2 mills
Kake	2,165,463	649,500	12,188	53.3
Hydaburg	873,283	261,900	13,418	19.5
Haines	2,849,882	855,000	97,622	8.8
St. Mary's	1,529,100	458,700	4,451	34.1
Tanana	1,361,841	408,000	11,755	34.7
Anchorage	201,258,278	88,335,000	19,943,357	4.4
North Slope	29,445,000	8,333,500	13,570,786	.6

Kake would have to have a mill levy 89 times that of North

Slope. State law limits the property tax mill levy to 30 mills (\$3000 a year on a \$100,000 house). Kake would be well over that limit.

Anchorage's tax base accounts for 39% of the local government real and personal property tax in the state. The 19 billion dollar tax base reported for Anchorage for 1986 by the Department of Community and Regional Affairs may be based on a 15,252,800.000 adjusted amount or a higher unadjusted amount. The tax base for Anchorage for calendar years 1987 and 1988, as adjusted by the Department of Community and Regional Affairs, may fall within a fairly wide range. With a foundation approach the amount that each city and borough must levy in taxes changes annually with changes in assessed valuation as adjusted further by the Department of Community and Regional Affairs.

Before 1976 most larger Alaska city and borough school districts had mill levies for education in excess of 10 mills. Anchorage's mill levy was about 11 mills. Matsu which had a lesser educational program, including an absence of kindergartens, was at about 12 mills for education. Anchorage is now at about 5 mills and Matsu, Juneau and Ketchikan at about 6 - 7 mills. Since 1976 the true mill levy has been somewhat camouflaged. Interest earnings on state capital appropriations and fund balances have been applied to school operations. Matsu applies most of the revenue sharing and municipal assistance monies it receives for the area outside of its cities to its education budget. (Anchorage applies none of its state revenue sharing and municipal assistance monies to education.)

If the state should decide that 135 million dollars is too much for city and borough school districts to pay - that a property tax mill levy for education of 4 mills is too high for Alaska municipalities, the state can reduce educational standards by redefining the term "basic need". The usual way of decreasing educational standards is to increase the number of pupils per teacher, by decreasing the number of teachers the state is willing to put into the classroom. A reduction of pupil teacher ratio standards would affect all school districts in the state, including REAA's. In the case of SB 119 the method for reducing standards would be to reduce the basic need from \$60,000 to a lower amount. Where teachers and class sizes are the basic building block for funding as it is in Senate Bill 45 and in the State of Washington, the method for reducing standards is to reduce the class size the state will pay for, say from 1 teacher to 20 pupils to 1 teacher to 23 pupils. In Anchorage, there are about 13% more instructional units (at \$60,000 per unit) than there are certificated personnel (persons with teaching degrees). Most probably a 5% reduction in the \$60,000 assigned to an instructional unit would increase class sizes in Anchorage by 5% - if the average class size is one teacher to 23 pupils, a five percent change would increase the class size to one teacher to 24 pupils.

The amount of the required local contribution is discussed at page 3. The need for a local contribution is obvious. The Alaska Constitution requires the state to maintain a system of public schools. The state is unwilling to fund 100% of the cost of a system of public schools. This means that city and borough school districts must pick up a percentage of the costs of a statewide system. The amount that each contributes must be based upon some rational basis such as ability to pay. And the amount that is to be paid has to be mandated; otherwise there will be two systems of public schools - one system that provides a reasonable level of educational opportunity (those who obtain enough money to handle the state defined "basic need") and another system of substandard schools where children receive a substandard education, probably as a penalty for the lack of wealth of "their parents and their neighbors." This second system of inferior schools would be the school districts which refuse to tax themselves sufficiently to raise enough money to fund their "basic need". A two system program violates the equal protection of law provisions of the Alaska Constitution and the education provisions of the constitution.

Equalizing tax effort among city school districts. SB 119
establishes two categories of school districts:

1. City and Borough school districts which are required by law to make a local contribution of 4 mills or its equivalent, and
2. City and borough school districts which are exempted from this requirement.

Before 1970 the need to make this distinction would not have occurred to anyone. The only reason for making the distinction in the 1980's is to take into account very wealthy school districts where a very little effort will generate a great deal of money. Any mandated local effort would drown a wealthy district in money. In Alaska there are two of these districts - North Slope, which a few years ago had an assessed valuation almost the same as Anchorage's, and Valdez, the terminus of the Alaska pipeline. Together these two districts account for 1.9% of the total enrollment of Alaska schools. (1985 pupils out of 102,331). Exempting districts with this number of pupils from a mandated local effort does not seriously affect the total funding.

Some other states have had to make special allowances for extremely wealthy school districts - in California the famous districts are Beverly Hills and the industrial cities with very few pupils and very large assessed valuations - Emeryville in the San Francisco Bay area and Irwindale, Industry and Commerce in the Los Angeles area. (Industry is 18 miles long and from two miles to 200 feet wide).

Alaska can put North Slope and Valdez into a special (favored) category without affecting the funding program as a

whole. If other districts enrolling a substantial percentage of Alaska city and borough pupils are taken out of the tax equalization part of the formula, the formula will be unfair to those remaining districts which are required to make a 4 mill effort. The reason for the discrimination would be hard to explain.

Exempting the first 100,000 from 4 mill levy equivalent requirement. The formula would be less fair if the first \$100,000 of the amount that a 4 mill levy would raise were exempted from the required local effort. However, a small exemption would help prevent a major diversion of revenue sharing and municipal assistance monies in small city school districts from traditional municipal functions to school operations. This is a feature in Senate Bill 45. There are 33 city and borough school districts in the state, so the cost of a \$100,000 exemption would be 3.3 million. Primary beneficiaries would be:

	From	To	Original Amount as % of Basic Need
Bristol Bay	406,164	306,164	20.7
Craig	149,219	49,219	10.0
Dillingham	430,063	330,063	13.3
Galena	80,428	-0-	5.3
Haines	390,486	290,486	16.5
Hoonah	116,950	16,950	7.2
Hydaburg	53,671	-0-	5.6
Kake	48,754	-0-	3.5
King Cove	97,566	-0-	7.0
Klawock	23,366	-0-	1.8
Nenana	72,398	-0-	5.4
Pelican	59,950	-0-	10.3
Sand Point	298,564	198,564	12.7
Skagway	236,146	136,146	22.0
St. Mary's	17,805	-0-	1.50
Tanana	47,021	-0-	4.5
Unalaska	382,258	282,258	24.6
Yakutat	72,547	-0-	5.4

A \$100,000 exemption would give Galena, Hoonah, Hydaburg, Kake, King Cove, Klawock, Nenana, Pelican, St Mary's, Tanana and Yakutat a status similar to that of the REAA's. REAA's do not make a local contribution; neither would the small city school districts. As a practical matter, first class city school districts would probably apply their revenue sharing and municipal assistance monies to school operations while neighboring second class cities would retain all such monies for traditional non-salary municipal purposes. St Mary's, for example, would probably meet its \$17,805 obligation from the state revenue sharing and municipal monies it receives.

AS 14.17.025 (b) Limitation on local mill levy AS 14.17.025 (b) places a 5.5 mill tax levy or equivalent lid on the amount that a district can contribute. If the only concern were

the establishment of a system of education that provides a reasonable minimum education opportunity to every pupil in the state and if the basic need is realistic, this lid could be reduced to 4 mills. If "basic need" means a true basic education, any education funded by a mill levy effort or equivalent in excess of 4 mills would be for nice things to have ("enrichment"), but not essential things. The governing body of at least one large school district has taken the position that if the legislation determines that 4 mills or its equivalent will fund an adequate education for all city and borough school districts, including that district, that is all the governing body will provide. In other words, the mandated 4 mill local effort as a matter of local policy is also the locally imposed expenditure lid - the local version of Anchorage's Proposition 24. The assembly or the city council would be willing to fund the basics as defined by the legislature, but not the "enrichment" that would have to be financed by a mill levy in excess of 4 mills. This view of educational finance may catch on in the other school districts.

Bruce DeMond, superintendent of the Matsu school board, states that a \$42,727,800 school operation budget (\$41,918,688 after a 4% downward adjustment to reflect transfer of TRS responsibility to the school district) will not fund a basic education in the Matsu district as that term has been traditionally defined (K-12, special education, reasonable class sizes). In other words SB11 does not, with a 4 mill local effort, fund a minimally adequate educational program in the tax levying school districts.

See the discussion on the adequacy of \$60,000 per instructional unit under AS 14.17.056.

The 5.5 mill tax levy ceiling on will not work at all if the employer's responsibility for Teacher Retirement System payments is transferred from the state to schools districts.

If the \$60,000 per unit is not increased or if the responsibility of TRS is transferred to the school districts AS 14.17.025 (b) may mandate a permanent reduction in the educational programs now offered by Matsu, Ketchikan, Juneau and Sitka. These are the numbers for Mat-Su. Ketchikan's situation should be similar:

Mat-Su budget for FY 86-87 excluding debt service and transportation (after Gov. Sheffield's 3 million dollar cut of July '86)	\$46,515,220
Cost to Matsu of assuming TRS at 3.4% of \$46,515,220	1,581,516
Matsu budget with TRS	\$48,096,736

Maximum that can be raised
for above purposes under SB 119
at 5.5 mills (current Mat-Su
mill levy equivalent 7.2 mills \$46,924,734

Shortfall-mandated state
reduction in Matsu education
program \$ 1,172,002

The \$46,515,220 budget the Matsu school district is now operating under is a lean budget and about 3 million less than what was assumed to be available in May 1986 when the Assembly approved an approximate \$49 million budget - the \$49 million was cut back by about \$3 million in July 1986 in the aftermath of a fall in oil prices. State funding was cut back by about \$3 million.

If the state continues to fund TRS for the Matsu Borough at an approximate cost to the state of \$1.6 million, the current Assembly - and subsequent assemblies - could, with a mill levy not exceeding 5.5 mills, appropriate sufficient monies to maintain a program at 1986-87 levels. With a 5.5 mill levy limit, and with an additional \$1,581,516 liability for TRS to be paid by borough property taxes, the Borough would not be able to achieve FY 86-87 program levels unless assessed valuations increased.

The current and subsequent assemblies may not see fit to maintain funding at FY 86-87 levels, but, if they should want to, the combination of the 5.5 mill lid and the transfer of TRS responsibility would deny them the opportunity to make this decision.

The 5.5 mill ceiling should be retained. However, in addition, AS 14.17.025 (b) should provide for a limitation on the amount any school district can spend over and above the basic need established by the state. This amount should be 25% or less. With this limitation there would be no problem in continuing to use PL 874 monies to fund the foundation formula. The 25% disparity test would not be exceeded. If North Slope levied a 5.5 mill tax on its tax base of \$13,570,000,000 it would generate revenues of \$74,635,000 million, considerably more than North Slope's 11,200,200 basic need; there are per capita taxing limitations affecting North Slope, but this gives the idea.

Deduction of federal PL 81-874 revenues. The deduction of 90% of Public Law 81-874 monies from the amount of money that the state would otherwise pay to a school district is a change from existing state law and a partial reversion to the state law that existed before 1981. Before 1981 100% of PL874 monies were deducted. Currently only 80% of the PL 81-874 entitlement of a school district is deducted from the amount that the state would otherwise pay to the district.

Alaska obtains 7.8% of its school revenues from the federal government, most of which are PL 874 monies. It would be difficult to fund a foundation program without the federal funds. The legislature would have to find an additional 41 million dollars. See Attachment B Memorandum of Limitation of on State of Alaska Use of Federal Public Law 81-874 Monies.

There are no good policy reasons for deducting only 90%. School districts which have substantial PL 874 revenues will, if they retain the 10% receive 100% of their need, plus an additional amount not based on need.

Excluding the 10% from the formula will mislead the reader of DOE's tables as to the amount of money available to individual school districts for school operations. The amount available to the Adak REAA is not \$3,978,600; it is \$4,177,784. The amounts available to Adak are:

		Per Pupil without 10% PL874	Per Pupil with PL874
Local Effort	0		
State	2,185,967		
PL 874 (90% in formula)	1,792,633		
PL 874 (10% not in formula)	<u>199,184</u>		
Total	\$4,177,784	\$6631	\$6963

Lower Yukon REAA would be a more typical example:

		Per Pupil without 10% PL874	Per Pupil with PL874
Local Effort	0		
State	8,790,699		
PL 874 (90% in formula)	4,790,699		
PL 874 (10% not in formula)	<u>514,859</u>		
Total	\$13,939,259	\$9,251	\$10,379

An extra two hundred thousand dollars or a half million dollars for a school district is significant and should be shown as money available to the school district. Otherwise, comparisons of the school district with other school districts will be misleading.

If the 90-10 division of PL 874 monies is retained PL 874 monies not in the formula which are available to the school district for general school purposes should be listed in DOE tables showing monies available for unrestricted school district expenditure. (Pupil transportation, school debt reimbursement, Johnson-O'Malley, etc., should not be listed as they are for restricted programs.)

Ninety percent (90%) of PL 874 is about \$4,597,000 (The SB 119 formula assumes a contribution of \$41,376,409 of PL 874 monies. At 100% this contribution would be about 45,973,000. According to DOE the \$4,597,000 million has been allocated to give school districts as an incentive to ferret out pupils who can generate federal PL 874 monies. This is a very large amount of money to pay out as an incentive - no such incentive appeared to be necessary before 1981. Before 1981, the state deducted 100%. Most probably the number of federally connected pupils reported was the same in 1980 as they are today.

AS 14.17.041 Elementary and Secondary Instructional Units. The allocation of instructional units in SB 119 makes sense. There is a correlation of instructional units and

- (1) size of schools - it is possible to have larger average class sizes (higher teacher - pupil ratio) and fewer administrators per group of pupils in a large school than in a small school
- (2) cost of living differences in Alaska

In going through the largest city and borough school districts in Alaska it is easy to see why Anchorage generates the fewest instructional units per group of pupils, why Anchorage, Matsu, Juneau and Ketchikan generate almost the same number of instructional units (and per pupil dollars) as Anchorage and why other school districts generate more units.

<u>District</u>	Number of Pupils to Instructional Unit	Comment
Anchorage	12.7	Great majority of pupils in one funding community; very few funding communities; larger average class sizes.
Matsu	12.6	Same as above
Ketchikan	12.4	Same as above
Fairbanks	12.1	Same as above, except for 1.04 Area Cost Differential; Without the Area Cost Differential, Fairbanks's ratio would be 12.6, the same as Matsu and Juneau
Sitka	12.0	Same as Ketchikan

Kenai	11.4	Several large funding districts comprising most of the enrollment; a number of small funding communities.
Kodiak	9.7	One large funding community -Kodiak- comprising most of enrollment; many small funding communities. Without the 1.09 Area Cost Differential Kodiak's ratio would be 10.6, close to Kenai's.
Galena	6.9	One funding community, but a relatively high Area Cost Differential- 1.30. Without the Area Cost Differential Galena would be 9.0. Galena has been paired with Yukon Koyukuk as it formerly received more per pupil than Yukon-Koyukuk, even though the schools of the latter were smaller and in numerous funding communities
Yukon-Koyukuk	5.4	See Galena. Yukon-Koyukuk has many funding communities and a high area cost differential
Sand Point	6.0	One funding community with a high area cost differential -1.27. Without the cost differential the ratio would be about 7.6 instead of 6
King Cove	5.7	See Sand Point. SB 119 greatly narrows the former spread between King Cove and Sand Point by applying the same area cost differential.
North Slope	6.6	Most of the pupils are in one funding community -Nome. Without the high area cost differential-1.42- the ratio would be 9.4 pupils to a unit, a ratio close to the statewide average of 10.3

Statewide average
 102,131 pupils/
 9962.75 units

10.251

The 9962.75 units are probably about 70% of the number of certificated teachers in Alaska with teaching degrees and probably about 60% of the number of classroom teachers. If this is so the average classroom teacher ratio would be about 1:17

AS 14.17.041(a). Smaller funding community instruction units (less than 200 pupils in elementary or less than 200 in secondary).

The allocation of units to schools and funding communities of different sizes is realistic. It is realistic if it is assumed that there is an approximate 1 to .6 to 1 to .7 ratio between instructional units and number of teachers at the school.

Partial units are generated as the threshold between a two teacher school and a three teacher school is passed. Additional money is generated for an additional partial teacher even though no additional salary costs would be incurred until a third teacher is required. This may result in some slight additional funding for small school, but it should not be significant. The cure of abandoning partial units is worse than the problem. If a district entitlement increases by \$60,000 (one unit) as a school size goes from 19 to 20 (from 2 units to, say, 3 units), the district would have a great temptation to hold a pupil over. encourage a transfer of a pupil from one funding community to another, etc.

It is realistic to assign 2 units to a school with one to 10 pupils. This would not generate enough money for the cost of operating a school with two full-time teachers. However it would generate more than enough money for a one teacher school.

For other schools the teacher-pupil (TPR) ratio would probably look like this:

Pupils	Units	Teachers at .6 of unit	TPR	Teachers at .7 of unit	TPR	Actual TPR FY 84-85
11	2.2	1.3	1.8	1.5	1.7	1.5
12	2.4	1.4		1.7		(1-16)
13	2.6	1.6		1.8		
14	2.8	1.7	1.8	2.0	1.7	
15	4.0	1.8		2.1		
16	4.2	1.9	1.8	2.2	1.7	1.5 (1-16)

Pupils	Units	Teachers at .6 of unit	TPR	Teachers at .7 of unit	TPR	Actual TPR FY 84-85
17	4.4	2.0	1.9	2.3	1.7	1:9 (17-24)
18	4.6	2.2		2.5		
19	3.8	2.3		2.7		
20	4	2.4	1:8	2.8	1:7	
21	4.1	2.5		2.8		
22	4.2	2.5		3.0		
23	4.4	2.6		3.0		
24	4.5	2.7	1:9	3.1	1:8	1.9 (17-24)
25	4.6	2.8		3.2		
26	4.7	2.9	1:9	3.3	1:8	
61	9	5.4	1:11	6.3	1:10	1:11 (41-70)
121	14	8.4	1:14	9.8	1:12	1:1.10 (121-200)
200	19	11.4	1:18	13.3		
525	41	24.6	1:21	28.7	1:18	1:17 (200 plus)

See Attachment C- District by District Analysis of Pupils and Certificated Employees in Schools of Various Sizes for actual ratios in FY 84-85.

The numbers in the last column are the average teacher pupil ratios in schools of various sizes, excluding district headquarters certificated personnel, as reported in the Alaska Education Directory 1986 based upon enrollments for the 1984-85 school year. In 1984-85 the average teacher pupil ratio in schools with one to 16 pupils was 1.5 - one teacher to five pupils. It can be seen that SB 119 provides funding to support staffing levels very close to FY 84-85 actual levels. The column with .6 of unit for teachers is the most conservative column; the column with .7 of unit for teachers shows a possible level of staffing (teacher-pupil ratio) that the units would provide, but not the probable level.

The DOE formula gives the benefit of the doubt to the smaller schools (smaller funding communities).

AS 14.17.041 (b) Larger funding communities - more than 200 pupils in elementary and more than 200 in secondary.

For larger funding communities the formula set forth in AS 14.17.041 (b) works like this:

ELEMENTARY SCHOOL

Number of Pupils	Units	Teachers at .6 of unit	TPR	Teachers at .7 of unit	TPR	Actual TPR FY 84-85
200	15	9	1:22	11	1:18	1:17
300	21	13	1:23	15	1:20	
400	27	16	1:25	19	1:21	
600	39	23	1:26	27	1:22	

SECONDARY SCHOOL

200	18	11	1:18	13	1:17	1:17
300	26	16	1:19	18	1:17	
400	33	20	1:20	23	1:17	
600	46	27	1:22	32	1:19	
1200	92	55	1:22	64	1:19	

Again the units generated by SB 119 are in close relationship to actual staffing levels of schools of various sizes in FY 84-85.

The ratios for small schools are more generous than the pre-Prudhoe ratio.

SLA 1962, Ch 164, Sec 104c. The formula in effect from 1962-1970 provided for a slightly higher teacher-pupil ratio for secondary schools of under 100 than for elementary schools of under 100 as follows:

Elementary Schedule		Secondary Schedule	
Average daily membership	Allowable No. of teacher units	Average daily membership	Allowable No. of teacher units
8-15	1	Under 10	1
16-30	2	10-15	2
31-45	3	16-25	3
46-60	4	26-40	4
61-75	5	41-60	5
76-100	6	61-80	6
		81-100	7

From 1963 to 1970 funding for a "teacher unit" included enough money for teacher salaries, non-teacher salaries to back up the teacher and non-salary costs to back up the teacher, but not administrators who were funded separately. The Teacher Pupil Ratio for smaller elementary schools would have been:

Elementary Schedule	Teacher Pupil Ratio
8-15	1:8 to 1:15
16-30	1:8 to 1:15
31-45	1:10 to 1:15
46-60	1:11 to 1:15
61-75	1:12 to 1:15
76-100	1:13 to 1:17

The only per pupil expenditure amount of concern to the educator is the amount the district has available from all sources for education. These are the numbers:

District	Number of pupils to Instructional Units	Per pupil school district paying TRS (additional cost to district)	Per pupil adjusted downward 4% to reflect transfer of TRS responsibility	10% of PL874 monies retained by district	Total of previous two columns
Anchorage	12.7	\$4706	\$4517	0	\$4517
Fairbanks	12.1	4934	4736	0	4736
Matsu	12.6	4774	4583	0	4583
Kenai	11.4	5275	5064	0	5064
Juneau	12.6	4764	4485	6	4491
Kodiak	9.7	6178	5930	6	5936
Ketchikan	12.4	4830	4639	0	4639
Sitka	12.0	4975	4776	6	4782
Galena	6.9	8888	8532	262	8794
Yukon-Koyukuk	5.4	11,147	10,701	221	10922
Sand Point	6.0	9893	9497	0	9497
King Cove	5.7	10,488	10,068	105	10170
North Slope	6.6	9098	8734	276	9010

Anchorage, Matsu, Juneau and Ketchikan all fall within a narrow range of \$4517 to \$4639, less than a 3% spread.

In comparing monies available for expenditure in FY 86-87 with monies available for expenditure in FY 87-88 under SB 119, the only column of interest to the educator - the school superintendent and the teacher - is the number in the last column. For the person primarily concerned with a state system of education, the only numbers that are relevant are the numbers in the last column. Assemblypersons and city councilmen are also concerned with the last column, but may have a greater concern

with the local share which is not shown on the above table. The legislator will, understandably, be concerned about state share, also not shown.

AS 14.17.043-047- Vocational Education, special education and Bilingual. These provisions in earlier bills offered opportunities to manufacture additional units by counting the same pupil several times over for different programs so that the pupil generated far more revenue than the additional cost incurred by the school in serving the pupil. The school district might be able to serve a pupil in several programs with one classroom teacher plus the full time equivalent of, perhaps, a third of an additional teacher. If the pupil generated enough money to pay for the salaries of several teachers based upon the pupil being served by several programs, the school district would have a found a real money generator. SB 119 gives the State Department of Education the tools to police this type of abuse and to maintain the number of units in some general proportion to the amount of additional teacher time required for a pupil being served outside of the regular classroom. For example, there is a very wide spread between the cost of providing a resource room program for a special education pupil and the cost of an intensive program.

See Attachment A Analysis of Public School Finance Legislation in Alaska: 1958 to 1987, pp. 17-21 for an analysis of the abuses that occurred between 1970 to today.

AS 14.17.051 Area Cost Differential. These are realistic and the most authoritative cost differentials available in Alaska. They are a great improvement over last year's. The SB75 spread was minus 20 for Skagway to plus 85 for Yupiit. The spread is now, with two exceptions, contained in a 38 point range.

There is one area of unreality. The average teacher salary in many of the high cost differential districts is not much greater than it is in districts with a 1.00 to 1.05 range. See Attachment D for the actual 1984-85 average teacher salaries paid in districts in light of the teachers training and experience. Here are examples:

District	Area Cost Multiplier	Actual Salary	Salary based upon Anchorage plus multiplier
Anchorage	1.00	\$41,673	\$41,673
Kuspuk	1.30	45,214	54,175
Nome	1.34	47,966	55,842

The cost of living differentials measure real differences in the cost of doing business. They should be used. However, to measure the real cost of personnel services, which is the major portion of each district's costs, it is necessary to go one step

further and determine the costs of the teachers to the school districts based upon the standard salary differentials that accompany training and experience (seniority) throughout the state. Two indices are needed: (1) Area cost differentials and (2) Training and experience differentials.

Training and Experience

SB 119 would be a better bill if it gave full or partial recognition to training and experience (T & E).

SB 45 introduced by Senators Kerttula and Fischer includes T & E.

T & E is an actual cost of doing business just as utility rates and freight rates are an actual part of doing business. If an instructional unit approach is used, there should be credit for no more than about 70% of the unit for T & E, as approximately 25% of the average instructional unit is for expenditures other than salaries of certificated persons - for classified employee salaries and non-salary costs.

The following amendments to SB 119 would add a T & E factor:

SB 119, p.6, line 27, after Sec. 9 add a new Section 10 and renumber succeeding sections.

Sec 10, section AS 14.17.049 is added to read:

AS 14.17.049. TRAINING AND EXPERIENCE INDEX. The number of instructional units generated by AS 14.17.041, AS 14.17.043, AS 14.17.045, and AS 14.17.047 shall be adjusted to reflect the average training and experience of the certificated persons in the school district.

To calculate teacher salaries, the department shall annually prepare a training and experience index for each school district based on the average years of experience, not to exceed 15, and the average number of postbaccalaureate degree credits, not to exceed 54. The index shall range from a basic unit of 1.00 to a maximum unit of 2.00. The basic unit of 1.00 shall be calculated as the equivalent of \$26,078 and the multiples to be applied to the Training and Experience Index for the school district shall be .5.

The foregoing language would give recognition to most of a school district's T & E cost, but not complete recognition. The school district would still have an incentive to keep personnel costs down by hiring less trained and less experienced teachers.

See Exhibit D for average actual salaries paid to Alaska teachers by school districts in FY 84-85 and their average training and experience.

Sec. 14.17.056 Instructional Unit Value.

Raising the \$60,000 basic need amount - The term "basic need" should not be used to describe an unrealistically low level of expenditure for Alaska schools. To narrow the gap between the state defined "basic need" of 176 million for Anchorage, 62 million for Fairbanks, 41 million for Matsu and 43 million for Kenai and fairly lean FY 86-87 budgets it would be desirable to increase the basic need to \$65,000 per unit. The increase can be funded by increasing the local share.

Finally, it will be necessary to raise the \$60,000 per unit if TRS payments are included within the definition of "basic need." There is not enough money in a \$60,000 unit to cover the cost of TRS.

Senate Bill 119 places the larger school districts in proper relationship to each other as far as basic need is concerned, but the basic need is consistently underfunded in light of the districts' FY 86-87 budgets.

For example:

	SB 119 Basic Need incl. TRS	SB 119 Need w/o TRS	Actual Minimum Need w/o TRS	Percentage Differential
Anchorage	\$182,957,400	\$175,639,100	193,202,900	10%
Fairbanks	64,933,200	62,335,072	68,566,000	10%
Matsu	42,727,800	41,018,688	45,000,000	10%
Kenai	44,388,000	42,612,480	47,347,200	10%

The FY 86-87 school districts already reflect a 10% cut made in July 1986. The amounts listed under "Actual Minimum Need without TRS" should in most cases be noticeably lower than the reduced FY 86-87 budgets. These amounts are exclusive of debt retirement, transportation and federally funded programs. The only way to be sure how these amounts compare with this years budgeted amounts (FY 86-87 reduced by 10%) is to contact the individual school districts for individual analyses. For example, the Superintendent and School Board for the Fairbanks School District can be asked if a total appropriation of \$62,335,072 will maintain Fairbanks present program and, if not, how the reduction would translate into teacher layoffs, increase in class sizes and dropping of programs.

THE \$60,000 PER INSTRUCTIONAL UNIT IS, IN FACT, TOO LOW. THE \$60,000 SHOULD BE RAISED TO A HIGHER AMOUNT AND THE INCREASE IN BASIC NEED SHOULD BE FUNDED EITHER BY:

1. INCREASING THE STATE CONTRIBUTION - RESCISSION OR DEFERRAL OF A TRANSFER OF RESPONSIBILITY FOR TEACHERS RETIREMENT SYSTEM (TRS) FROM THE STATE TO SCHOOL DISTRICT. THIS WOULD ADD 23-26 MILLION IN

REQUIRED STATE FUNDING, OR CONVERSELY, A TRANSFER OF STATE RESPONSIBILITY ACCOMPANIED BY A 4.5% INCREASE IN THE \$60,000 ALLOCATION TO \$62,400 WOULD REQUIRE AN ADDITIONAL STATE APPROPRIATION OF 24.2 MILLION DOLLARS, OR

2. INCREASING THE LOCAL CONTRIBUTION BY;

(A) INCREASING THE MILL LEVY FROM 4 MILLS TO 4.2 MILLS TO RAISE ANOTHER \$4 MILLION AND BY

(B) REDUCING THE MINIMUM PERCENT OF BASIC NEED THAT THE STATE WILL PAY FOR FROM 35% TO 45% TO RAISE ANOTHER \$19 MILLION.

The foregoing only addresses the shortfall in funding of Alaska schools caused by transfer of the responsibility for Teachers Retirement System (TRS) payments from the state to the school districts. Other than that it does not address the inadequacy of \$60,000 as the instructional unit amount.

TRS at about 23-26 million dollars is about 4% of a \$605 million dollar program.

To facilitate analysis of SB 119 on the proposed budgets of the various school districts. TRS should stay with the state, at least for the fiscal year. The governor could make recommendations to the legislature on the handling of TRS funding for the FY 88-89 fiscal year. A transfer of TRS responsibility at this time complicates analysis of the affect of SB 119 school finances.

AS 14.17.082 Fund balance in School Operating Fund. The accumulation of excessive fund balances may or may not be a problem in FY 86-87 and subsequent years. The existence of fund balances and the reasons for accumulating them should always be in the possession of the legislature.

The Legislature should have a list of fund balances for each school district for the end of FY 84-85 (June 30, 1985) and the end of FY 86-87 (June 30, 1986) and for subsequent years. It also needs information on costs of classroom teachers, other certificated personnel, classified personnel and various categories of non-salary costs including reserves. Otherwise, information needed to judge the adequacy of SB 119, if SB 119 is enacted into law, will be lacking. In the past some school districts have been very reluctant to furnish information to the state department of education on such items as superintendents' salaries and legal costs. The state and the legislature needs this information not only because state dollars are involved, but also because, in Alaska, education is a state responsibility. It is impossible to determine how that responsibility is being discharged if the legislature is in the dark on how the money is actually being used.

AS 14.17.140 Determination of full and true value by
department of community and regional affairs. Minor clean up
language.

AS 14.17.190 Restrictions Governing Receipt and
Expenditures of Money from Public School Foundation Account The
department and legislature are entitled to full information on
how educational monies are spent.

Sec 24. Transition. The two tests of a good transition
provision are:

1. Are the costs reasonable?

Answer: Yes. The hold - harmless provisions cost
\$7,257,762 - 1.2% of the \$605 million program
cost.

2. Is the transition phased out over a reasonable
period of time?

Answer. Yes. See p. 14, lines 23-25. 90% the
first year, 80% the second year and 70% the third
year.

EXHIBIT B

District and REAA Pl 81-874 Revenues

Memorandum on Limitations on State of Alaska Use of Federal Public Law 81-874 Monies

If the State of Alaska did not take PL 81-874 monies into account in meeting the needs of Alaska school districts two severe problems would be created:

(1) The state school funding program would be underfunded by about 49 million dollars. This would result in either an approximate 10% reduction in monies available for school funding or require the state to seek this amount from other sources to make up for the lost funding.

(2) If each school district retained 100% of the PL 81-874 monies generated by federal lands and facilities within its boundaries existing disparities in district school expenditures would be greatly increased. Some school districts would become very wealthy; to the extent that the amount available for school funding is fixed, this transfer of wealth would have to be offset dollar by dollar by taking the money from the poorer school districts reducing their level of expenditures.

As a practical matter the state cannot afford to dispense with 49 million dollars for funding of a school foundation program.

If Alaska is to rely on PL 81-874 monies for its school foundation program, it must take into account 100%, or very nearly 100%, of the PL 81-874 monies generated by federal land and facilities in each school district - including only 80% will not work as the 20% retained by school districts will result in excessive expenditure disparities among Alaska school districts - disparities which exceed federal guidelines. The expenditure disparity among school districts cannot generally exceed 25%. The amount that the most wealthy school district spends cannot exceed by 25% the amount that which the poorest district spends.

In addition, each tax levying school district must make a comparable tax effort. One district cannot get by with a local property tax of one half of a mill (\$50 on a \$100,000 house), while another school district, to achieve the same educational goals, must tax itself ten times as much, say five mills (\$500 on a \$100,000 house.) This means that tax equalization must exist.

Where a school district can tax itself--city and borough school districts have this ability under the State Constitution and state law--they are required to do so to a reasonable extent. PL-874(d) (2) (B) (ii) requires that:

ii Such agency (school district) is making a reasonable tax effort and exercising due diligence in availing itself of state and other financial assistance; ...
(parenthetical note added)

Currently under state law cities and borough school districts can tax themselves for education, but are not required to do so.

The same requirement to tax does not exist for the "unorganized territory" i.e. the area outside of cities and boroughs. Under the Alaska Constitution only the state can levy taxes in the unorganized territory.

Before 1974, a number of state school funding statutes were struck down because P.L. 81-874 then prohibited states from using federal funds to replace state funds. Since 1974, P.L. 81-874 has contained a provision permitting states to consider the amount of federal impact aid a school district receives when the state is determining how to distribute state aid. This was after a series of state supreme court cases in the early 1970's requiring equalization of educational opportunity.

To use the exception to the general rule, the state must have an acceptable program of aid to equalize expenditures among school districts as determined under regulations of the Secretary of Education. This restriction is contained in P.L. 98-874 paragraph 5(d) codified as 20 U.S.C. 240(d). The exception is contained in subparagraph 1(A), which requires that the state have in effect -

"a program designed to equalize expenditures for free public education amount the local educational agencies of that state...."

The Secretary has adopted regulation to implement this exception to give the states direction in designing their state education aid formulas. As required by Congress, these regulations define both "state aid" and the term "equalize expenditures" as they relate to a state's consideration of federal funding in financing free public education.

To qualify as a program designed to equalize expenditures for free public education the program must meet four criteria set out in 34 C.F.R. 222.62. If the state's program meets this test a state may consider federal P.L. funds in allocating state monies to local educational districts.

The test consists of the following four parts:

A. Is the state program in effect for the fiscal year in question;

B. Does the state program provide for apportionment of state aid among local school districts to carry out the objectives of the state aid program.

C. Does the state program take into consideration the financial resources available to local school districts;

D. Does the state program meet either of the following standards:

1. Disparity standard (this requires that no more than 25% disparity in current expenditures exist between school districts)

2. Wealth neutrality test (requires no less than 85% of local revenues be wealth neutral)

3. Exceptional circumstances (a state, which cannot meet either test 1 or 2 can still qualify under this standard, which allows the secretary to justify a program due to exceptional circumstances within a state related to disparities in current expenditures for education)

The costs of delivering an education probably does vary more than 25% between the lowest cost Alaska school district necessarily and the highest cost Alaska school district. If so, the third test--exceptional circumstances--can be used to justify a greater disparity than 25%. However any disparity in excess of 25% would have to be based upon verified differences in actual costs and not just upon a political fiat that one district will receive more money than another.

Section 3(d) (3) (B) (iii) makes a special allowance for the local contribution rate for U.S. Territories, Alaska ("in which a substantial portion of the land is in unorganized territory"), and Hawaii ("any state in which there is only one local educational agency") so long as their policies and principles are consistent with the policies for determining local contribution rates in other states.

Even though the territories of the United States, Alaska and Hawaii are free of some of the more strict formulas regarding comparable tax efforts, they are nevertheless subject to the provision that their use of PL 874 monies shall be:

In accordance with policies and principles which will best achieve the purposes of this section and which are consistent with the policies and principles provided in this paragraph for determining local contribution rates

in states where it is possible to determine generally comparable school districts.

In Alaska, it is possible "to determine generally comparable school districts" with respect to city and borough school districts since they all have the power to tax.

The "purposes of this section" includes distribution of monies in a way to achieve equalization of educational opportunities through equalization of local tax effort and school district expenditures.

In summary, to be eligible for continued receipt of federal Public Law 81-874 monies, the state must either:

(1) disregard the Public Law 81-874 monies in making a determination of how much in state dollars each district shall receive, or

(2) equalize educational expenditures and bring about comparable mill levies for education in boroughs and cities.

TABLE 2E:

DISTRICT P.L. 81-874 REVENUE

SCHOOL DISTRICT	ADM	LOCAL ADM AS OF STATE ADM	FEDERAL REVENUE: P.L. 81-874	P.L. 81-874 PER ADM			
ANCHORAGE	40,674	44.23%	\$0	\$0.00			
BRISTOL BAY	241	0.26%	\$305,619	\$1268.13			
CORDOVA	390	0.42%	\$11,848	\$30.38			
CRAIG	186	0.20%	\$33,203	\$178.51			
DILLINGHAM	465	0.51%	\$400,000	\$860.22			
FAIRBANKS	13,431	14.61%	\$50,000	\$3.72			
GALENA	146	0.16%	\$429,227	\$2939.91			
HAINES	351	0.38%	\$30,000	\$85.47			
HOONAH	214	0.23%	\$245,306	\$1146.29			
HYDABURG	97	0.11%	\$0	\$0.00			
JUNEAU	4,700	5.11%	\$36,000	\$7.66			
KAKE	202	0.22%	\$455,250	\$2253.71			
KENAI	8,548	9.30%	\$200,000	\$23.40			
KETCHIKAN	2,439	2.65%	\$20,000	\$8.20			
KING COVE	120	0.13%	\$57,040	\$475.33			
KLAWOCK	156	0.17%	\$259,260	\$1661.92			
KODIAK	2,278	2.48%	\$266,360	\$116.93			
MAT-SU	9,366	10.19%	\$0	\$0.00			
NENANA	126	0.14%	\$6,000	\$47.62			
NOME	850	0.92%	\$80,000	\$94.12			
NORTH SLOPE	1,155	1.26%	\$6,600,000	\$5714.29			
NORTHWEST ARCTIC**	1,526	1.66%	\$3,730,416	\$2444.57			
PELICAN	54	0.06%	\$0	\$0.00			
PETERSBURG	597	0.65%	\$5,000	\$8.38			
SAND POINT	115	0.13%	\$0	\$0.00			
SITKA	1,654	1.80%	\$120,000	\$72.55			
SKAGWAY	136	0.15%	\$0	\$0.00			
ST. MARY'S	115	0.13%	\$200,000	\$1739.13			
TANANA	78	0.08%	\$234,153	\$3005.81			
UNALASKA	141	0.15%	\$190,000	\$1347.52			
VALDEZ	791	0.86%	\$20,000	\$25.28			
WRANGELL	451	0.49%	\$0	\$0.00			
YAKUTAT	157	0.17%	\$60,000	\$381.7			
TOTAL	91,950	100.00%	\$14,044,982	\$152.75			

**TRANSITION DISTRICT (REF: AS14.17.210)

EXHIBIT B, p. 5

TABLE 4D:

REAA ESTIMATED P.L. 81-874 REVENUE

SCHOOL DISTRICT	ADM	P.L. 81-874 FY87 ESTIMATED REVENUE	P.L. 81-874 FY87 ESTIMATED REVENUE PER ADM	P.L. 81-874 AS % OF TOTAL REVENUE	P.L. 81-874 AS % OF FOUNDATION REVENUE
ADAK	607	\$2,104,016	\$3,466	47%	101%
ALASKA GATEWAY	516	\$775,872	\$1,504	17%	22%
ALEUTIANS	87	\$355,000	\$4,080	19%	26%
ANNETTE ISLAND	413	\$1,639,104	\$3,969	53%	120%
BERING STRAITS	1,233	\$4,141,068	\$3,359	26%	37%
CHATHAM	306	\$964,156	\$3,151	32%	49%
CHUGACH	129	\$140,000	\$1,085	9%	10%
COPPER RIVER	575	\$135,000	\$235	3%	4%
DELTA GREELY	1,084	\$1,252,226	\$1,155	19%	26%
IDITAROD	399	\$1,038,030	\$2,602	19%	25%
KASHUNAMIUT	166	\$750,000	\$4,518	35%	53%
KUSPUK	408	\$1,440,106	\$3,530	27%	40%
LAKE AND PENINSULA	370	\$1,322,008	\$3,573	21%	28%
LOWER KUSKOKWIM	2,675	\$7,100,000	\$2,654	23%	30%
LOWER YUKON	1,286	\$5,413,552	\$4,210	39%	73%
PRIBILOF ISLANDS	169	\$748,781	\$4,431	41%	73%
RAILBELT	357	\$100,000	\$280	3%	3%
SOUTHEAST ISLANDS	458	\$849,550	\$1,855	20%	29%
SOUTHWEST	486	\$2,155,859	\$4,436	32%	51%
YUKON FLATS	377	\$714,000	\$1,894	12%	14%
YUKON KOYUKUK	596	\$1,721,696	\$2,889	23%	32%
YUPIIT	285	\$0	\$0	0%	0%
TOTAL	12,982	\$34,860,024	\$2,685	24%	34%

Exhibit B, p. 6

School District	1-16			17-24			25-40			41-70			71-120			121-200			200 plus			Enrollment	No. of Certificated Persons at District HQ	Pupil/HQ Cert. Personnel Ratio
	No. of Pupils	No. of Cert. Pers.	P RS	No. of Pupils	No. of Cert. Pers.	P RS	No. of Pupils	No. of Cert. Pers.	P RS	No. of Pupils	No. of Cert. Pers.	P RS	No. of Pupils	No. of Cert. Pers.	P RS	No. of Pupils	No. of Cert. Pers.	P RS						
Anchorage	19	4	4.7	39	3	13.0	34	4	8.5				216	25	8.6				39,577	2,523	15.7	40,562	88	460.93
Bristol Bay	16	1	16.0										219	23	9.5							241	2	120.50
Chordova													168	22	7.6	170	18	9.4	218	17	12.8	388	1	388.00
Chitina													177	17	10.4	166	26	6.4	245	21	11.7	411	9	45.67
Chillingham							40	6	6.7				138	22	6.3	571	56	10.2	11,074	755		12,708	34	373.76
Chirikof													211	19	11.1	390	39	10.0				138	2	69.00
Chukchi													108	13	8.3							390	2	195.00
Chukot													211	19	11.1							211	1	211.00
Chukot													108	13	8.3							108	1	108.00
Chukot	13	1	13.0				37	5	7.4				206	27	7.6				4,519	317	14.3	4,569	28	163.18
Chukot													297	30	9.9	564	59	9.6	7,085	482	14.7	206	5	41.20
Chukot				21	2	10.5	120	14	8.6	43	4	10.8	178	4	44.5							8,130	27	301.11
Chukot				18	2	9.0	40	4	10.0				114	15	7.6				2,281	165	13.8	2,517	14	179.79
Chukot													78	4	19.5							114	1	114.00
Chukot							31	4	7.6	46	5	9.2	177	20	8.9				1,912	124	15.4	155	7	22.14
Chukot							152	16	9.5	62	7	8.9	177	20	8.9				1,912	124	15.4	2,303	14	164.50
Chukot	13	2	13.5				72	10	7.0	59	6	9.8	96	11	8.7	158	9	10.8	7,885	511	15.4	8,437	42	200.88
Chukot													184	22	8.4							184	1	184.00
Chukot													111	13	8.5	138	18	7.7	741	71	10.4	741	10	74.10
Chukot							96	23	4.2	127	21	6.1	111	13	8.5	556	71	7.8	556	71	7.8	1,028	18	57.11
Chukot										42	6	7.0	42	6	7.0							42	2	21.00
Chukot													109	10	10.4				571	46	12.4	571	1	571.00
Chukot													221	17	13.0	132	8	16.5	1,298	86	15.1	1,651	3	550.33
Chukot													134	11	12.2	134	11	12.2				134	3	44.67
Chukot							29	6	4.8				72	5	14.4							101	4	25.25
Chukot										66	11	6.0										66	1	66.00
Chukot							128	14	9.1													128	3	42.67
Chukot													71	9	7.9	299	22	13.6	204	20	10.2	783	5	156.60
Chukot													164	20	8.2				458	38	12.1	464	2	232.00
Chukot																						164	2	82.00
TOTAL	61	8	7.6	78	7	11.1	651	92	7.1	681	87	7.8	3,202	335	9.6	2,721	266	10.0	84,620	5,256	16.1	87,922	435	202.12

Exhibit C

School District	1-16	17-24	25-40	41-70	71-120	121-200	200 plus																				
Adak																											
Alaska Gateway																											
Aleutians	13	3	4.3	60	7	8.6	63	7	9.0	77	10	7.7	166	23	8.1	345	27	12.3	531	4	132.75						
Annette Isl.																											
Bering Straits																											
Chatham	14	5	2.8	18	1	18.0	92	16	5.6	259	29	8.9	87	8	10.9	166	16	10.4	222	19	11.7	338	4	84.50			
Chuquach																											
Copper River	9	1	9.0	24	2	12.0	29	4	7.3	55	7	7.9	161	20	8.1	704	68	10.4				1,160	25	46.40			
Delta Greely																											
Iditarod	61	10	6.1	23	3	7.7	30	2	19.0	118	11	10.7	118	4	29.5	174	17	10.2				270	2	135.00			
Kashunamiut																											
Kuspuk	29	6	4.8	24	2	12.0	31	3	10.3	135	15	9.0	138	15	9.2							108	4	27.00			
Lake & Peninsula	52	8	6.5	20	2	10.0	73	10	7.3				166	21	7.9							569	2	284.50			
Lower Kuskokwim	47	9	5.2	22	4	5.5	83	11	7.6	104	13	8.0	114	13	8.8							932	66	14.12	932	9	103.56
Lower Yukon																											
Pribilof Isl.																											
Railbelt	13	1	13.0	20	2	10.0	73	10	7.3				354	33	10.7	650	62	10.5	219	19	11.5	1,296	11	117.82			
Southeast Isl.	54	10	5.4	22	4	5.5	59	11	5.4	159	23	6.9	497	59	8.4	278	29	9.6	897	60	15.0	2,248	18	124.89			
Southwest	14	2	7.0	22	4	8.0	91	8	11.4	65	7	9.3	118	14	8.4	131	14	9.4				161	1	161.00			
Yukon Flats	39	7	5.6	24	2	12.0	76	11	6.9	44	5	8.8	187	23	8.1	184	15	12.3				344	5	68.80			
Yukon Keyukuk	13	2	6.5	24	2	12.0	76	11	6.9	44	5	8.8	187	23	8.1	136	15	9.1				496	12	41.33			
Yupit																											
N.W. Arctic	12	1	2.0	60	7	8.6	38	5	7.6	226	26	8.7	102	11	9.2							439	23	19.09			
TOTAL	370	71	5.3	543	64	8.5	1,055	157	6.7	3,160	263	12.0	2,423	227	10.7	3,203	336	9.5	2,901	218	13.3	12,831	200	64.16			
	431	79	5.5	621	71	8.7	1,672	245	6.8	3,841	350	11.0	5,625	562	10.0	5,625	562	9.7	86,165	5,211	16.5	100,753	635	158.67			

Exhibit C

District	Enrollment	Cert Pers	Cert Pers at Hq.	Cert Pers at schools	Classroom teachers	Cert pers to pupils	Cert pers at school to pupils	Classroom teachers to pupils
1 Anchorage	40562	2630	88	2543	2000	15.4	16.0	20.2
2 Fairbanks	12708	927	34	893	747	12.7	16.6	17.1
3 Matsu	8437	577	42	535	471	14.6	15.8	17.9
4 Kenai	8130	618	27	591	468	13.2	13.8	17.4
5 Juneau	4569	351	28	333	295	13.0	13.7	15.5
6 Ketchikan	2517	189	14	175	152	13.5	14.4	16.6
7 Kodiak	2303	181	14	167	143	12.7	13.8	16.1
8 Sitka	1651	114	3	111	98	14.5	14.9	16.9
9	80877	5587	250	5348	4374	14.5	15.1	18.5
10								
11 Adak	531	55	4	47	41	9.7	11.3	13.0
12 Alaska Gateway	447	49	5	44	38	9.1	10.2	11.8
13 Aleutian	102	18	3	15	15	5.7	6.8	9.9
14 Annette Island	388	39	4	35	33	9.9	11.1	11.8
15 Bering Strait	1160	147	25	122	101	7.9	9.5	11.5
16 Bristol Bay	235	26	2	24	20	9.0	9.8	11.8
17 Chatham	270	30	2	28	24	9.0	9.6	11.3
18 Chugach	108	17	4	13	9	6.4	8.3	12.4
19 Copper River	569	46	2	44	40	12.4	12.9	10.8
20 Cordova	388	36	1	35	31	10.7	11.1	12.5
21 Craig	168	23	1	22	17	7.3	7.6	9.9
22 Delta-Greely	932	75	9	66	61	12.4	14.1	15.3
23 Dillingham	411	56	9	47	38	7.3	8.7	10.8
24								
25								

Exhibit C

District	Enrollment	Cert Pers	Cert Pers at Hq	Cert Pers at schools	Class-room teachers	Cert Pers. to pupils	Cert Pers at school to pupils	Classroom teachers to pupils
1 Galena	138	2.4	2	22	18	5.8	6.3	7.7
2 Haines	390	4.1	2	39	31	9.5	10.0	12.6
3 Hoonah	211	2.0	1	19	15	10.0	11.2	14.1
4 Hydaburg	108	1.4	1	13	10	7.7	8.3	10.8
5 Iditarod	389	5.8	3	45	42	6.7	8.6	9.2
6 Kake	206	3.2	5	27	23	6.4	7.6	9.0
7 Kashunamiut		2.1	2	19	12			
8 King Cove	114	1.6	1	15	13	7.1	7.6	8.8
9 Klawock	155	2.7	7	13	12	7.8	11.9	12.9
10 Kuspuk	352	6.1	14	47	43	5.8	7.5	8.2
11 Lake and Peninsula	326	5.3	6	47	45			
12 Lower Kuskokwim	2248	25.7	18	239	192	8.7		11.7
13 Lower Yukon	1296	13.8	11	127	102	7.3	10.1	12.7
14 Nenana	184	2.3	1	22	17	8.0	8.4	10.8
15 Nome	741	7.1	10	61	47	10.4	12.3	15.8
16 North Slope	1028	16.4	18	146	112	6.4	7.0	9.2
17 Northwest	1343	15.4	10	144	125	8.7	9.3	10.7
18 Pelican	42	.8	2	6	4			10.5
19 Petersburg	571	4.7	1	46	40	12.1	12.4	14.3
20 Pribilof	161	1.7	1	16	14	9.5	10.1	11.5
21 Rail Belt	844	3.7	5	32	28	9.3	10.8	12.3
22 St Mary's	101	1.5	4	11	10	6.7	9.1	10.1
23 Sand Point	109	1.2	2	10	9	9.1	10.9	12.1
24								
25								

Exhibit C

	District	Enrollment	Cert Pers	Cert Pers at Hq.	Cert Pers at schools	Class-room teachers	Cert pers to pupils	Cert pers at school to pupils	Classroom teachers to pupils
1	Stagway	1334	14	3	11	10	9.6	12.1	13.4
2	Southeast Island	327	52	11	41	41		8.0	8.0
3	Southwest Region	4912	70	12	58	48	7.1	8.6	10.3
4	Tanana	66	12	1	11	9	6.0	7.3	11.0
5	Unalaska	128	17	3	14	12	7.5	9.1	10.6
6	Valdez	783	71	5	66	41	11.0	11.7	19.1
7	Wrangell	464	40	2	38	32	11.6	12.7	14.3
8	Yakutat	164	22	2	20	15	7.5	8.7	10.9
9	Yukon Flats	359	55	15	40	38	6.5	9.0	9.5
10	Yukon Koyukuk	439	74	23	51	42	5.9	8.6	16.5
11	Yupit	128	29	1	28	26	4.4	4.5	4.9
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									

EXHIBIT C, p 5

COMPARISON OF SCHOOL DISTRICT AVERAGE SCHOOL DISTRICT
SALARIES AND SALARY SCHEDULES WITH ANCHORAGE - FY 85-86

	<u>DISTRICT T&E INDEX</u>	<u>SALARY SCHEDULE INDEX</u>	<u>ANCH BASE SALARY</u>	<u>SALARY BASED ON ANCH</u>	<u>ACTUAL SALARY</u>	<u>DIFFER- ENCE</u>
Adak	1.412	1.072	26,078	36,822	44,673	1.21
Ak Gateway	1.425	1.093	26,078	37,161	45,549	1.23
Aleutians	1.413	1.235	26,078	36,848	51,466	1.40
Anchorage	1.598	1.000	26,078	41,673	41,673	1.00
Annette	1.384	1.000	26,078	36,092	41,673	1.15
Bering St	1.308	1.101	26,078	34,110	45,882	1.35
Bristol Bay	1.443	1.061	26,078	37,631	44,215	1.17
Chatham	1.446	0.894	26,078	37,709	37,255	.99
Chugach	1.325	0.914	26,078	34,553	38,089	.914
Copper River	1.518	1.204	26,078	39,586	50,174	1.27
Cordova	1.517	1.017	26,078	39,560	42,381	1.07
Craig	1.308	0.956	26,078	34,110	39,839	1.17
Delta	1.450	1.058	26,078	37,813	44,090	1.17
Dillingham	1.484	1.109	26,078	38,700	46,215	1.24
Fairbanks	1.484	1.040	26,078	38,699	43,340	1.12
Galena	1.428	1.193	26,078	37,239	49,716	1.34
Haines	1.541	1.022	26,078	39,482	42,590	1.08
Hoonah	1.462	1.026	26,078	38,126	42,756	1.12
Hydaburg	1.234	0.962	26,078	32,180	40,060	1.24
Iditarod	1.481	1.070	26,078	38,622	44,590	.961
Juneau	1.609	1.063	26,078	41,959	44,298	1.06
Kenai	1.324	0.958	26,078	34,527	39,922	.958
Kenai	1.547	0.971	26,078	40,343	40,464	1.00
Ketchikan	1.513	1.010	26,078	39,456	42,090	1.07
King Cove	1.477	1.057	26,078	38,517	44,048	1.14
Klwock	1.377	0.951	26,078	35,909	39,590	.950
Kodiak	1.448	1.020	26,078	37,761	42,506	1.13
Kuspuk	1.410	1.085	26,078	36,770	45,215	1.23
Lake & Penn	1.357	1.079	26,078	35,388	44,965	1.27
Lower						
Kuskokwim	1.383	1.078	26,078	36,065	44,923	1.25
Lower Yukon	1.398	1.222	26,078	36,457	50,924	1.40
Mat-Su	1.448	0.994	26,078	37,760	41,422	.994
Nenana	1.483	1.015	26,078	38,682	42,298	1.09
Nome	1.524	1.151	26,078	39,743	47,966	1.21
North Slope	1.458	1.283	26,078	38,021	53,466	1.41
Northwest						
Arctic	1.438	1.158	26,078	37,500	48,257	1.29
Pelican	1.535	0.941	26,078	40,029	39,214	.98
Petersburg	1.551	0.954	26,078	40,447	39,217	.97
Pribilof	1.538	1.149	26,078	40,108	47,882	1.19
Railbelt	1.491	1.020	26,078	38,882	42,506	1.09
Sand Point	1.388	1.113	26,078	36,197	46,382	1.28
Sitka	1.585	1.038	26,078	41,334	43,257	1.05
Skagway	1.407	0.965	26,078	36,692	40,214	.965

24/25

	<u>DISTRICT T&E INDEX</u>	<u>SALARY SCHEDULE INDEX</u>	<u>ANCH BASE SALARY</u>	<u>SALARY BASED ON ANCH</u>	<u>ACTUAL SALARY</u>	<u>DIFFER- ENCE</u>
Southeast Island	1.442	1.023	26,078	37,604	42,631	1.13
Southwest Region	1.451	1.066	26,078	37,839	44,423	1.17
St. Mary's	1.318	1.069	26,078	34,370	44,548	1.30
Tanana	1.430	1.111	26,078	37,292	46,299	1.24
Unalaska	1.541	1.095	26,078	40,186	45,632	1.14
Valdez	1.496	1.087	26,078	39,013	45,299	1.16
Wrangell	1.585	0.950	26,078	41,334	39,589	.96
Yakutat	1.403	0.960	26,078	36,587	40,001	.960
Yukon Flats	1.419	1.114	26,078	37,005	46,424	1.25
Yukon/ Koyukuk	1.237	1.069	26,078	35,127	44,548	1.26

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

REQUEST: _____

Bill Version: SR-119
Publish Date: _____

Revision Date: _____

Agency Affected: Education

Title: ...Public School Foundation
Program...

BRU: K-12 Support

Sponsor: Governor

Components: Foundation

Requestor: Senate HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

Prepared by: Steve Hole
Division: Commissioner's Office

Phone: 465-2800
Date: February 24, 1987

Approved by Commissioner: Marshall L. Lind
Agency: Education

Date: February 24, 1987

Distribution (by preparer):

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

✓ Page 1, line 22, following "district" :

Insert "as of March 1 of that fiscal year as payment for its entitlement for the application submitted"

✓ Page 1, line 23, following "fiscal year":

Insert ", including advance payments and adjustments received since March 1 of the preceding fiscal year from prior year applications"

✓ Page 3, line 6, following "department":

Insert "Payments received under P.L. 81-874 (20 U.S.C. 237 - 239), as amended, may not be counted under (a) or (b) of this section."

✓ Page 4, line 10:

Delete "do not"

✓ Page 4, line 11:

Delete "at least 200 in grades K-6 and at least"
Insert "less than 200 in grades K-6 or less than"

Page 5, line 27, following "UNITS."

Insert "(a)"

✓ Page 6, line 9, ~~delete to end of paragraph~~ following "only." Delete through line 13.
a new subsection to read;

Insert "(b) Notwithstanding (a) of this section, in a district that offers a special education program, each funding community receives a minimum of 0.25 instructional units for special education or the district receives a minimum of 1.00 instructional unit for special education, whichever is greater."

✓ Page 9, line 6:

Delete "September 20"
Insert "October 15"

✓ Page 10, line 9, preceding "district" :

Insert "city or borough"

✓ Page 10, line 9, following "district" :

Delete "as defined in AS 14.17.250"

✓ Page 11, line 26:

Delete "1/12" "one-twelfth"
Insert "1/3" "one-third"

✓ Page 11, line 1, following "PERIODS."

Insert "(a)"

✓ Page 11, following line 15:

Insert a new subsection to read: "^(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day counting period other than the periods set out in (a) of this section. However, the counting period must be 20 consecutive school days."

✓ Page 14, line 2:

Delete "(c)(7)"
Insert "(d)(2)"

✓ Page 15, following line 21:

Insert a new subsection to read:

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

Page 5, line 24:

Delete "and"

Insert "or"

Page 5, line 25, following "units":

Insert ", whichever is greater"

Page 6, line 26:

Delete "and"

Insert "or"

Page 6, line 27, following "units":

Insert ", whichever is greater"



Ed -
SB 119

ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
328 Fourth St., Suite #211 Juneau, Alaska 99801 586-9702

ACSA POSITION PAPER ON SB 119 - HB 126

The Alaska Council of School Administrators has taken the position of supporting HB126 and SB119.

While individually, each school districts' superintendent has a unique concern for specific areas of the bill, we feel this bill is the best funding bill that has been proposed for a number of years. We feel it speaks to the PL874 disparity test much more comprehensively than the equality issue.

Further: We feel the are differentials are a very delicate part of the bill. That every district in the state can present a convincing argument to increase their individual differential. However, we feel that any changes from the recommended numbers should be done with equal effort for all districts. And further, it should be done on the basis of sound information that we know is available.

We are concerned for those districts eligible for "hold harmless" benefits. Though we recognize the intent of the legislation to minimize the impact to those districts receiving substantial dollars from the state, we express our concern for these districts when, in three years, they must make adjustments to their budgets that show a reduction of 70% funding received under "hold harmless" to 0%.

y We feel that the 4 mil local effort should be a true effort on the part of cities and boroughs, rather than "in-kind", tuition and other compromises used to meet the local effort requirement. This could be accomplished through a phase in process.

y ACSA supports the raising of the cap for local effort from the proposed 5.5 mils to 6 mils.

N We feel that having some cash carry-over for unique and emergency needs is sound budget management. Consequently, we recommend the limit of carry-over be adjusted from 5% to 10%.

N We support the implementation of other generating sources of revenue, be it income tax, reinstating the old school tax or taxing the dividend from the Permanent Fund.

ACSA recognizes the need to continue to make fine-tune adjustments to this formula funding bill but because of the importance of this bill to the planning for local school districts, we encourage the legislature to expedite the movement of this bill and work for it's early passage.

Respectfully Submitted

Stephen T. McPhetres
Stephen T. McPhetres
Executive Director, ACSA

Senator Coghill

A M E N D M E N T

To: Senate Bill 119

*Section 5, AS 14.17.031

Page 3, starting on line 18 delete the sentence:

"For the purpose of determining instructional units, students are counted in the district and the funding community from which they receive educational services."

and insert new sentence:

"For the purpose of determining instructional units, students receiving educational services from a district other than the district they reside in, shall be counted as a separate funding community in the district they live.

We would like to change the above language because in effect it is arbitrarily changing district boundries by counting the students in the district they receive services and not in the district they live. Many districts contract services out with other districts. It would take kids from one district and automatically put them in another district. Some kids may live in a district with a higher area differential than the district they recieve services, so the district serving these kids would generate less money than if they had a contract with the district where the kids live.

\$ making thing

Senator Coghill

A M E N D M E N T

To: Senate Bill 119

*Section 10, AS.14.17.051

Page 7, Line 4 delete area cost differential of 1.16 for Alaska Gateway and change to 1.20

Page 7, Line 12 delete area cost differential of 1.11 for Copper River and change to 1.20

Page 7, Line 15 delete area cost differential of 1.16 for Delta/Greely and change to 1.20

We would like to change the area differentials because they were based on an October 1986 arbitrator's decision that sets area differentials in salaries of the state employees and not on the actual educational costs in the school districts.

Nat Cole - Justified difference

One from week.

Senator Coghill

A M E N D M E N T

To: Senate Bill 119

*Section 13, AS 14.17.082

Page 9, line 22 delete five percent and insert ten percent.

Section would read:

(a) A district may not accumulate in any fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, which is greater than ten percent of its expenditures for that fiscal year.

up to 7%

A M E N D M E N T

Offered in the SENATE

By Kerttula

TO: SB 119

Page 6, line 4, following "services,":

Insert "0.1 instructional units for a student of any age if the student attends a school that offers services ~~only~~ to developmentally disabled students,"

↓
EXCLUSIVELY

o.k.

A M E N D M E N T

Offered in the SENATE

By Josephson

TO: SB 119

Page 9, line 20, following "district":

Insert "that appropriates less than 30 percent of its revenue in a fiscal year to education"

Page 9, line 20:

Delete "any"

Insert "that"

*5 to 790
if need.*

Page 9, lines 24 - 25, following "district":

Insert "subject to (a) of this section"

Page 9, following line 29, insert a new subsection to read:

"(c) The department shall adopt regulations applicable to school districts that are not subject to (a) and (b) of this section to ensure that funds allocated to those districts under this chapter are used for education."

A M E N D M E N T

Offered in the SENATE

By Josephson

TO: SB 119

Page 2, lines 19 - 20:

Delete "by the Department of Community and Regional Affairs"

Page 2, lines 28 - 29:

Delete "by the Department of Community and Regional Affairs"

Page 10, line 1, following "is", through line 28:

Delete all material

Insert "repealed and reenacted to read:

Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE. To determine the amount of local effort under AS 14.17.025, the department shall use the full and true value of taxable real and personal property actually levied against in each district, as determined by the district assessor under AS 29.45.110."

Equal.

SB 119

Sen. Jospeson

Nancy Gross - UnAlaska

Floor on School

Faz in Transportation 20%

TRS 4 yrs. period

Define Basic Education

seperate Community Ed.

Hold harmless 5%

Relate to Tax Base

Harry Purdy - Superintendents

based on cost - multiplier

upper limit to 6 mill.

Larry Beans - St Marys School District

75-90 Reduction

Interest earnings - effective cash management

\$100,000
Study

Bob Winstien - Sup. Southeast

Area Differentials

Housing Category

Transportation

DCE

6 mill \$/Unit

2.4 m

Total 6.4 M

Governor's Public School Foundation Funding Proposal

HB 126/SB 119

3/30/87

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 district's
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

STATE OF ALASKA-DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 CALCULATIONS USE THE PROJECTED ADM AS PHONE SURVEY 2/18/87
 REVISED 3/30/87 HB126/58119

PAGE 1

REVISED

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	27.49
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
KASHUNANITUT	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
KLAHOCK	168	17.20	0.00	3.07	1.00	21.27	1.03	21.91
KODIAK	2319	192.25	1.93	29.55	2.35	226.08	1.09	246.43
KUSPUK	371	53.53	1.50	3.67	1.04	59.74	1.33	79.46
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.31	89.39
LOWER KUSKOKWIM	2682	288.96	54.95	28.21	3.06	375.18	1.42	532.76
LOWER YUKON	1343	148.81	6.80	17.98	2.46	176.05	1.35	237.66
MAT-SU	8940	639.69	1.10	65.40	9.83	716.02	1.00	716.02
MENANA	208	19.87	1.00	2.19	1.00	24.06	1.20	28.87
NOME	759	56.67	1.00	5.80	1.00	64.27	1.36	86.12
NORTH SLOPE	2371	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	1.03	11.07
PETERSBURG	597	45.80	1.00	6.17	1.00	53.97	1.03	53.97
PRIBILOF	152	19.44	1.00	2.05	1.00	23.49	1.30	30.54
RATLBELT	346	39.66	0.00	2.12	1.00	42.78	1.23	52.62
SAND POINT	135	15.00	0.00	1.53	1.00	17.53	1.27	22.26
SITKA	1637	113.77	1.00	17.59	1.62	133.98	1.00	133.98
SKAGWAY	136	15.07	0.00	1.00	1.00	17.07	1.05	17.92
SOUTHEAST ISLAND	435	72.42	0.00	3.16	1.00	76.58	1.04	79.64
SOUTHWEST REGION	491	67.47	9.08	3.66	1.00	81.21	1.31	106.38
ST. MARY'S	125	14.33	1.00	1.11	1.00	17.44	1.30	22.68
TANANA	86	11.17	1.00	1.00	1.00	14.17	1.30	18.42
UNALASKA	170	17.33	1.00	1.09	1.00	20.42	1.27	25.94
VALDEZ	697	52.62	0.00	5.32	1.06	59.00	1.11	65.49
WRANGELL	497	38.89	0.00	6.52	1.00	46.41	1.00	46.41
YAKUTAT	147	15.80	0.00	1.72	1.00	18.52	1.08	20.00
YUKON FLATS	390	58.76	1.00	4.22	1.00	64.98	1.46	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

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		\$1,792,632	\$2,195,568	160,000	10	\$26,969	\$33,031
ALASKA GATEWAY	\$4,975,200		\$626,851	\$4,348,349	160,000	10	\$17,556	\$52,444
ALEUTIAN REGION	\$1,645,200		\$294,651	\$1,350,549	160,000	10	\$10,746	\$49,254
ANCHORAGE	\$184,731,600	\$64,656,060	\$330,028	\$119,745,512	160,000	\$21,030	\$107	\$38,893
ANNETTE ISLAND	\$2,534,400		\$1,406,836	\$1,127,564	160,000	10	\$33,306	\$26,694
BERING STRAIT	\$15,297,600		\$4,199,309	\$11,098,291	160,000	10	\$16,470	\$43,530
BRISTOL BAY	\$2,104,800	\$406,164	\$259,254	\$1,439,382	160,000	\$11,578	\$7,390	\$41,031
CHATHAM	\$2,827,800		\$782,972	\$2,044,828	160,000	10	\$16,613	\$43,387
CHUGACH	\$1,644,600		\$183,932	\$1,460,668	160,000	10	\$6,710	\$53,290
COPPER RIVER	\$4,889,400		\$398,113	\$4,491,287	160,000	10	\$4,885	\$55,115
CORDOVA	\$2,637,000	\$495,929	\$15,603	\$2,125,468	160,000	\$11,284	\$355	\$48,361
CRAIG	\$1,448,400	\$149,219	\$32,973	\$1,266,208	160,000	\$6,181	\$1,366	\$52,453
DELTA GREELY	\$5,884,200		\$1,042,286	\$4,841,914	160,000	10	\$10,628	\$49,372
DILLINGHAM	\$3,266,400	\$430,063	\$354,651	\$2,481,686	160,000	\$7,900	\$6,515	\$45,586
FAIRBANKS	\$55,413,800	\$18,907,656	\$32,127	\$46,474,017	160,000	\$17,343	\$29	\$42,628
GALENA	\$1,529,400	\$80,428	\$443,016	\$1,008,956	160,000	\$3,155	\$17,390	\$39,445
MAINES	\$2,388,600	\$390,486	\$46,164	\$1,951,950	160,000	\$9,809	\$1,160	\$49,032
HOONAH	\$1,649,400	\$116,950	\$190,808	\$1,341,642	160,000	\$4,254	\$6,941	\$48,805
HYDABURG	\$1,029,000	\$53,671	10	\$975,329	160,000	\$3,130	10	\$56,870
IDITAROD	\$4,964,400		\$849,651	\$4,114,749	160,000	10	\$10,269	\$49,731
JUNEAU	\$20,752,200	\$6,755,969	\$26,897	\$13,969,334	160,000	\$19,533	\$78	\$40,389
KAKE	\$1,374,000	\$48,754	\$209,395	\$1,115,851	160,000	\$2,129	\$9,144	\$48,727
KASHUNMIUT	\$1,947,000		\$498,907	\$1,448,093	160,000	10	\$15,375	\$44,625
KENAI	\$44,725,800	\$15,621,367	\$190,124	\$28,914,309	160,000	\$20,956	\$255	\$38,789
KETCHIKAN	\$11,886,000	\$3,617,536	\$6,205	\$8,262,259	160,000	\$18,261	\$31	\$41,708
KING COVE	\$1,395,000	\$97,566	\$138,006	\$1,159,428	160,000	\$4,196	\$5,936	\$49,868
KLAMOCK	\$1,314,600	\$23,364	\$210,198	\$1,081,038	160,000	\$1,066	\$9,594	\$49,340
KOOTAK	\$14,785,800	\$2,209,790	\$146,749	\$12,429,261	160,000	\$8,967	\$595	\$50,637
KUSPUK	\$4,767,600		\$1,213,011	\$3,554,589	160,000	10	\$15,266	\$44,734
LAKE & PENINSULA	\$5,363,400		\$1,036,848	\$4,326,552	160,000	10	\$11,599	\$48,401
LOWER KUSKOKWIM	\$31,965,600		\$5,933,153	\$26,032,447	160,000	10	\$11,137	\$48,863
LOWER YUKON	\$14,259,600		\$4,633,701	\$9,625,899	160,000	10	\$19,497	\$40,503
MAT-SU	\$42,961,200	\$10,867,024	\$19,026	\$32,075,150	160,000	\$15,177	\$27	\$44,796
NENANA	\$1,732,200	\$72,398	\$6,566	\$1,653,236	160,000	\$2,508	\$227	\$57,265
NOPE	\$5,167,200	\$606,540	\$82,724	\$4,477,936	160,000	\$7,043	\$961	\$51,996
NORTH SLOPE	\$11,879,400	\$4,157,790	\$1,059,034	\$6,662,576	160,000	\$21,008	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,581,000	\$940,181	\$3,820,514	\$12,620,305	160,000	\$3,402	\$10,930	\$45,668
PELICAN	\$664,200	\$59,950	10	\$604,250	160,000	\$5,416	10	\$54,589
PETERSBURG	\$3,238,200	\$541,422	\$8,155	\$2,688,623	160,000	\$10,032	\$151	\$49,817
PRIBILOF	\$1,832,400		\$602,751	\$1,229,649	160,000	10	\$19,736	\$40,264
RAILBELT	\$3,157,200		\$116,468	\$3,040,732	160,000	10	\$2,213	\$57,787
SAND POINT	\$1,335,600	\$298,564	10	\$1,037,036	160,000	\$13,413	10	\$46,587
SITKA	\$8,038,800	\$1,764,700	\$84,012	\$6,190,088	160,000	\$13,171	\$627	\$46,202
SKAGWAY	\$1,075,200	\$236,146	10	\$839,054	160,000	\$13,178	10	\$46,822
SOUTHEAST ISLAND	\$1,778,400		\$764,757	\$1,013,643	160,000	10	\$9,603	\$50,397
SOUTHWEST REGION	\$6,382,800		\$1,742,370	\$4,640,430	160,000	10	\$16,379	\$43,621
ST. MARY'S	\$1,360,800	\$17,805	\$62,613	\$1,280,382	160,000	\$785	\$2,761	\$56,454
TANANA	\$1,105,200	\$47,021	\$186,793	\$871,386	160,000	\$2,553	\$10,141	\$47,307
UNALASKA	\$1,556,400	\$382,258	\$154,473	\$1,019,669	160,000	\$14,736	\$5,955	\$39,309
VALDEZ	\$3,929,600	\$1,375,290	\$9,495	\$2,544,615	160,000	\$21,000	\$145	\$38,855
WRANGELL	\$2,784,600	\$434,682	\$2,037	\$2,347,881	160,000	\$9,366	\$44	\$50,590
YAKUTAT	\$1,200,000	\$72,547	\$56,386	\$1,071,067	160,000	\$3,627	\$2,819	\$53,553
YUKON FLATS	\$5,692,200		\$703,866	\$4,988,334	160,000	10	\$7,419	\$52,581
YUKON-KOYUKUK	\$6,888,000		\$1,484,638	\$5,403,362	160,000	10	\$12,931	\$47,069
YUPIIT	\$3,849,600		\$1,043,126	\$2,806,474	160,000	10	\$16,258	\$43,742

TOTALS	\$606,576,000	\$135,935,290	\$38,734,385	\$431,906,325	STATEWIDE AVERAGE PERCENTAGE	113,446	\$3,859	\$42,695
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STATE CORR STUDY -----))) \$2,225,340
VALDEZ CONTRACT -----))) \$600,000
HOLD HARMLESS -----))) \$2,462,489

TOTAL STATE AID

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 PL874 LESS SP. ED. PERCENTAGE	PL874 PERCENTAGE	DEDUCTIBLE PL874	65% BASIC NEED DEDUC. PL874	FY88 PROPOSED STATE AID
ADAK	\$3,988,200	\$2,592,330	\$1,395,870		\$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		\$1,741,320	1696,167	100.00%	\$626,551	\$2,607,329	\$4,348,649
ALEUTIAN REGION	\$1,645,200	\$1,069,380	\$575,820		\$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		\$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		\$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		\$989,730	\$869,969	100.00%	\$782,972	\$1,055,098	\$2,044,828
CHUGACH	\$1,644,600	\$1,068,990	\$575,610		\$575,610	\$204,369	100.00%	\$183,932	\$885,058	\$1,460,668
COPPER RIVER	\$4,889,400	\$3,178,110	\$1,711,290		\$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		\$2,059,470	\$1,158,096	100.00%	\$1,042,286	\$2,782,444	\$4,841,914
DILLINGHAM	\$3,266,400	\$2,123,160	\$1,143,240	\$430,063	\$713,177	\$394,056	100.00%	\$354,651	\$1,768,509	\$2,481,686
FAIRBANKS	\$65,413,800	\$42,518,970	\$22,894,830	\$18,907,656	\$3,987,174	\$49,181	72.58%	\$32,127	\$42,486,843	\$46,474,017
GALENA	\$1,529,400	\$994,110	\$535,290	\$80,428	\$454,862	\$539,956	91.16%	\$443,016	\$551,094	\$1,005,956
HAINES	\$2,318,600	\$1,552,590	\$836,010	\$390,486	\$445,524	\$52,737	97.26%	\$46,164	\$1,506,426	\$1,951,950
HOONAH	\$1,644,400	\$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		\$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
KASHUNANUIT	\$1,947,000	\$1,265,550	\$681,450		\$681,450	\$554,341	100.00%	\$498,907	\$766,643	\$1,448,093
KENAI	\$44,725,800	\$29,071,770	\$15,654,030	\$15,621,367	\$32,663	\$247,448	85.37%	\$190,124	\$28,881,646	\$28,914,309
KETCHIKAN	\$11,886,000	\$7,725,900	\$4,160,100	\$3,617,536	\$542,564	\$10,429	66.11%	\$6,205	\$7,719,695	\$8,262,259
KING COVE	\$1,395,000	\$906,750	\$488,250	\$97,566	\$390,684	\$153,339	100.00%	\$138,006	\$768,744	\$1,159,428
KLAMOCK	\$1,314,600	\$854,490	\$460,110	\$23,364	\$23,364	\$294,169	79.39%	\$210,198	\$644,292	\$1,081,038
KODIAK	\$14,785,800	\$9,619,770	\$5,175,030	\$2,209,790	\$2,965,240	\$163,055	100.00%	\$146,749	\$9,464,021	\$12,429,261
KUSPUK	\$4,767,600	\$3,093,940	\$1,668,660		\$1,668,660	\$1,347,790	100.00%	\$1,213,011	\$1,885,929	\$3,554,589
KAKE & PENINSULA	\$5,363,400	\$3,486,210	\$1,877,190		\$1,877,190	\$1,152,053	100.00%	\$1,036,848	\$2,449,362	\$4,326,552
LOWER KUSKOKWIM	\$31,965,600	\$20,777,610	\$11,187,960		\$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		\$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
VENAMA	\$1,732,200	\$1,125,930	\$606,270	\$72,398	\$533,872	\$7,295	100.00%	\$6,566	\$1,119,364	\$1,653,236
NOME	\$5,167,200	\$3,358,680	\$1,808,520	\$606,540	\$1,201,980	\$91,915	100.00%	\$82,724	\$3,275,956	\$4,477,936
NORTH SLOPE	\$11,879,400	\$7,721,610	\$4,157,790	\$4,157,790	\$0	\$3,951,590	29.78%	\$1,059,034	\$6,662,576	\$6,662,576
NORTHWEST ARCTIC	\$16,581,000	\$10,777,650	\$5,103,350	\$940,181	\$4,863,169	\$3,356,126	100.00%	\$3,020,514	\$7,757,136	\$12,620,305
PELICAN	\$664,200	\$431,730	\$232,470	\$59,950	\$172,520	\$0	100.00%	\$0	\$431,730	\$604,250
PETERSBURG	\$3,238,200	\$2,104,830	\$1,133,370	\$541,622	\$591,948	\$11,386	79.58%	\$8,155	\$2,096,675	\$2,688,623
PRIBILOF	\$1,832,400	\$1,191,060	\$641,340		\$641,340	\$669,724	100.00%	\$602,751	\$588,309	\$1,229,649
RAILBELT	\$3,157,200	\$2,052,180	\$1,105,020		\$1,105,020	\$129,409	100.00%	\$116,468	\$1,935,712	\$3,040,732
SAND POINT	\$1,315,600	\$868,140	\$467,660	\$298,566	\$168,896	\$0	100.00%	\$0	\$868,140	\$1,037,036
SITKA	\$8,038,800	\$5,225,220	\$2,813,580	\$1,764,700	\$1,048,880	\$162,226	57.54%	\$84,012	\$5,141,208	\$6,190,088
SKAGWAY	\$1,075,200	\$698,880	\$376,320	\$236,146	\$140,174	\$0	100.00%	\$0	\$698,880	\$839,054
SOUTHEAST ISLAND	\$4,778,400	\$3,105,960	\$1,672,440		\$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		\$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%	\$62,613	\$821,907	\$1,280,382
TANANA	\$1,105,200	\$718,380	\$386,820	\$47,021	\$339,799	\$231,071	89.82%	\$186,793	\$531,587	\$871,386
UNALASKA	\$1,556,400	\$1,011,660	\$544,740	\$382,258	\$162,482	\$171,636	100.00%	\$154,473	\$857,187	\$1,019,669
VALDEZ	\$3,929,400	\$2,554,110	\$1,375,290	\$1,375,290	\$0	\$34,275	30.78%	\$9,495	\$2,544,615	\$2,544,615
WRANGELL	\$2,784,600	\$1,809,990	\$974,610	\$434,632	\$539,928	\$2,964	76.37%	\$2,037	\$1,867,953	\$2,347,881
YAKUTAT	\$1,200,000	\$780,000	\$420,000	\$72,547	\$347,453	\$62,652	100.00%	\$56,386	\$723,614	\$1,071,067
YUKON FLATS	\$5,692,200	\$3,699,930	\$1,992,270		\$1,992,270	\$782,074	100.00%	\$703,866	\$2,996,064	\$4,988,334
YUKON-KOYUKUK	\$6,888,000	\$4,477,200	\$2,410,800		\$2,410,800	\$1,649,449	100.00%	\$1,484,468	\$2,992,732	\$5,403,532
YUPIIT	\$3,849,600	\$2,502,240	\$1,347,360		\$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 \$46,670,793 \$38,734,385 \$355,540,015 \$431,906,325

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
SB119/HB126 REVISED MARCH 30, 1987

	A	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK
	FY87	FY88	FY87 TOTAL	FY88 BASIC	FY87 90%	FY87 90%	SUM FY87	FY87 STATE & FY88 STATE/	FY87 90%	STATE FY87	FY88	
SCHOOL DISTRICT	ADM FINAL	PROJECTED ADM	REV. FOR HARMLESS	NEED/FY 87 TOTAL REV.	BASIC COMPARISON	BASIC	HOLD HARMLESS	INCLUDES 80% SFACCOUNT	STATE COMPARISON	HOLD HARMLESS	HOLD HARMLESS	HOLD HARMLESS
ADAK	601.7	600	\$3,787,816	105.6	\$3,399,405		(1588,795)	\$1,995,186	110.4	\$1,790,594	(1404,974)	
ALASKA GATEWAY	510.6	523	\$4,254,162	114.2	\$3,921,727		(1,053,473)	\$3,627,611	117.0	\$3,344,137	(11,004,512)	
ALEUTIAN REGION	90.5	90	\$1,535,676	107.7	\$1,374,472		(1270,728)	\$1,261,025	109.4	\$1,110,751	(1239,798)	
ANCHORAGE	39732.1	38874	\$181,562,951	104.0	\$159,797,101		(124,934,499)	\$116,576,863	105.0	\$102,601,575	(17,143,937)	
ANNETTE ISLAND	421.1	432	\$2,815,876	87.7	\$2,599,887		865,487	\$1,409,040	78.0	\$1,300,962	\$173,398	165,437
BERING STRAIT	1223.8	1251	\$14,497,905	103.2	\$13,338,120		(1,959,480)	\$10,298,596	105.4	\$9,474,742	(1,623,549)	
BRISTOL BAY	233	231	\$2,212,932	95.9	\$1,974,543		(130,257)	\$1,851,146	78.4	\$1,651,730	\$212,348	
CHATHAM	351.6	310	\$2,883,168	111.2	\$2,287,838		(1539,962)	\$2,100,196	110.4	\$1,666,538	(1378,290)	
CHUGACH	130	132	\$1,424,957	113.7	\$1,302,191		(1342,409)	\$1,261,025	115.9	\$1,134,106	(1326,562)	
COPPER RIVER	560.7	561	\$3,926,442	124.5	\$3,535,689		(1,353,711)	\$3,528,329	127.2	\$3,177,195	(1,314,092)	
CORDOVA	432.2	431	\$2,548,477	103.8	\$2,287,261		(1349,739)	\$2,036,945	104.6	\$1,828,161	(1297,307)	
CRAIG	231	219	\$1,515,733	100.8	\$1,293,294		(1555,106)	\$1,454,025	91.9	\$1,240,643	(125,565)	
DELTA GREELY	1018.7	1027	\$5,126,212	113.9	\$4,651,181		(1,233,019)	\$4,083,926	117.6	\$3,705,480	(1,136,434)	
DILLINGHAM	461.5	469	\$3,944,771	81.5	\$3,607,991		1341,591	\$3,395,120	71.9	\$3,105,266	1623,580	1341,591
FAIRBANKS	13116.8	13158	\$62,081,027	105.0	\$56,048,422		(19,365,378)	\$43,141,244	107.4	\$38,949,076	(17,524,941)	
GALENA	166.5	172	\$1,935,035	76.5	\$1,799,060		1269,660	\$1,411,591	69.0	\$1,312,398	\$306,442	1269,660
HAINES	351.7	360	\$2,375,613	98.2	\$2,188,509		(1200,111)	\$1,938,963	98.3	\$1,786,249	(1165,701)	
HODANAH	234.3	235	\$1,730,262	95.0	\$1,561,888		(187,112)	\$1,444,679	92.6	\$1,304,096	(137,346)	
HYDABURG	107	108	\$830,740	122.7	\$754,654		(1274,466)	\$828,540	116.6	\$752,655	(1222,674)	
IDITAROD	383.8	392	\$5,386,074	90.2	\$4,951,034		(113,366)	\$4,536,423	88.8	\$4,170,010	\$55,261	
JUNEAU	4599.4	4244	\$21,444,712	104.9	\$17,808,893		(12,943,307)	\$14,661,846	103.3	\$12,176,020	(11,793,314)	
KAKE	196	178	\$1,537,036	98.4	\$1,256,292		(1117,708)	\$1,278,887	96.1	\$1,045,294	(170,557)	
KASHUNMIUT	172	189	\$1,835,395	96.5	\$1,815,120		(131,880)	\$1,336,488	98.6	\$1,321,725	(1126,368)	
KENAI	8143.6	8414	\$45,287,112	95.6	\$42,11,742		(12,614,058)	\$29,475,621	94.9	\$27,408,896	(11,505,413)	
KETCHIKAN	2435.4	2450	\$11,126,948	106.2	\$10,074,288		(11,811,712)	\$7,503,207	109.5	\$6,793,369	(11,468,890)	
KING COVE	132.7	133	\$1,315,893	105.8	\$1,186,981		(1208,019)	\$1,164,887	99.3	\$1,050,769	(1108,659)	
KLAMOCK	162	168	\$1,343,439	94.4	\$1,253,876		(1460,724)	\$1,109,877	93.9	\$1,035,895	(145,153)	
KODIAK	2221.6	2319	\$13,534,997	104.7	\$12,715,562		(12,070,238)	\$11,194,652	106.4	\$10,516,906	(11,912,355)	
KUSPUK	350.85	371	\$5,184,290	87.0	\$4,933,831		1166,231	\$3,971,279	84.6	\$3,779,422	\$224,833	1166,231
LAKE & PENINSULA	354.4	369	\$5,410,983	95.2	\$5,070,506		(1292,894)	\$4,374,135	95.0	\$4,098,900	(1227,652)	
LOWER KUSKOKWIM	2564.39	2682	\$27,181,406	112.4	\$25,585,218		(16,330,382)	\$21,248,253	117.1	\$20,000,481	(16,031,966)	
LOWER YUKON	1314.1	1343	\$12,240,220	114.0	\$11,258,476		(13,001,124)	\$7,606,527	123.8	\$6,996,430	(12,629,469)	
MAT-SU	8680.9	8940	\$38,186,588	109.2	\$35,393,713		(17,567,487)	\$27,300,538	114.1	\$25,303,843	(16,771,307)	
MEMPHIS	123	208	\$1,168,235	87.7	\$1,777,997		145,797	\$1,113,668	87.8	\$1,694,949	\$41,713	141,713
NOME	781.8	759	\$5,479,829	97.1	\$4,788,016		(1379,184)	\$5,097,450	90.5	\$4,453,912	(124,024)	
NORTH SLOPE	1151.3	1231	\$13,513,743	82.2	\$13,004,322		\$1,124,922	\$8,296,919	75.1	\$7,984,154	\$1,321,578	11,124,922
NORTHWEST ARCTIC	1550	1637	\$14,239,358	110.3	\$13,534,739		(13,066,261)	\$11,008,844	108.5	\$10,464,084	(12,156,221)	
PELICAN	54.4	54	\$562,367	119.0	\$502,409		(1161,791)	\$538,241	113.1	\$480,855	(1123,395)	
PETERSBURG	601	597	\$3,096,954	105.3	\$2,768,708		(1469,492)	\$2,547,377	106.3	\$2,277,381	(1411,242)	
PRIIBILOF	155.6	152	\$1,444,739	129.8	\$1,270,182		(1562,218)	\$841,988	149.5	\$740,256	(1489,393)	
RAILBELT	365.8	346	\$3,390,864	98.4	\$2,886,591		(1270,609)	\$3,274,396	98.2	\$2,787,444	(1253,288)	
SAND POINT	118.3	135	\$987,425	122.2	\$983,323		(1352,277)	\$851,916	106.7	\$874,960	(1162,076)	
SITKA	1610	1637	\$7,478,524	105.7	\$6,843,546		(11,195,254)	\$5,629,812	108.1	\$5,151,802	(11,038,286)	
SKAGWAY	137	136	\$698,163	155.1	\$423,760		(1451,440)	\$627,163	134.8	\$560,327	(1278,727)	
SOUTHEAST ISLAND	419.4	435	\$4,435,135	103.9	\$4,140,094		(1638,306)	\$3,670,378	105.4	\$3,426,212	(1587,431)	
SOUTHWEST REGION	472.1	491	\$5,751,835	106.7	\$5,383,893		(1998,907)	\$4,009,445	111.3	\$3,752,981	(1887,449)	
ST. MARY'S	101.2	125	\$1,451,953	75.9	\$1,614,078		1253,278	\$1,371,535	75.6	\$1,524,680	\$244,298	1244,298
TANANA	81	86	\$1,241,893	83.8	\$1,186,698		181,498	\$1,008,079	81.4	\$963,275	\$91,889	181,498
UNALASKA	159	170	\$1,387,667	104.9	\$1,335,302		(1221,098)	\$1,111,194	85.8	\$1,069,263	\$49,594	
VALDEZ	695	697	\$4,494,277	87.2	\$4,056,489		1127,089	\$3,109,492	81.6	\$2,806,597	\$261,982	1127,089
WRANGELL	494	497	\$2,543,130	108.8	\$2,302,717		(1441,883)	\$2,106,411	110.8	\$1,907,283	(1440,598)	
YAKUTAT	157	167	\$1,246,559	102.8	\$1,050,444		(1149,556)	\$1,134,896	100.8	\$956,348	(1114,719)	
YUKON FLATS	372	390	\$5,303,295	102.4	\$5,003,915		(1688,285)	\$4,599,429	103.4	\$4,339,783	(1648,551)	
YUKON-KOYUKUK	612.6	556	\$7,269,533	104.4	\$5,938,107		(1949,893)	\$5,785,085	102.9	\$4,725,525	(1678,007)	
UPIIT	294.6	281	\$4,433,987	91.0	\$3,806,366		(143,234)	\$3,390,861	86.8	\$2,910,892	\$104,418	
TOTALS	102,212.0	102,142	\$583,594,343		\$527,940,463			\$411,491,267		\$372,787,265		\$2,462,489

DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 SB1119/HB126 REVISED MARCH 30, 1987

THIS RUN IS BASE ON THE REVISED AREA COST DIFF. PAGE 5

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							
ALASKA GATEWAY							
ALEUTIAN REGION							
ANCHORAGE	\$64,656,060	\$71,812,314	\$64,656,060	\$19,343,356,800	6,283	7,424	12,565
ANNETTE ISLAND					0	0	0
BERING STRAIT					0	0	0
BRISTOL BAY	\$102,532	\$406,164	\$406,164	\$101,541,000	2,895	4,342	5,789
CHATNAM					0	0	0
CHUGACH					0	0	0
COPPER RIVER					0	0	0
COROONA	\$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					0	0	0
DILLINGHAM	\$195,000	\$430,063	\$430,063	\$107,515,700	1,975	2,962	3,950
FAIRBANKS	\$18,907,656	\$26,049,962	\$18,907,656	\$4,726,913,900	4,336	6,504	8,671
GALENA	\$80,428	\$88,224	\$80,428	\$20,106,900	789	1,183	1,578
HAINES	\$390,486	\$401,474	\$390,486	\$97,621,600	2,452	3,678	4,904
HOONAH	\$94,775	\$116,950	\$116,950	\$29,237,500	1,064	1,595	2,127
HYDABURG	\$2,200	\$53,671	\$53,671	\$13,417,800	782	1,174	1,565
IDITAROD					0	0	0
JUNEAU	\$6,755,969	\$9,255,132	\$6,755,969	\$1,688,992,300	4,883	7,325	9,767
KAKE	\$48,754	\$85,703	\$48,754	\$12,188,400	532	798	1,064
KASHUNAMIUT					0	0	0
KENAI	\$15,621,367	\$18,298,125	\$15,621,367	\$3,905,341,700	5,239	7,859	10,478
KETCHIKAN	\$3,617,536	\$5,472,063	\$3,617,536	\$904,384,100	4,565	6,848	9,131
KING COVE	\$13,000	\$97,566	\$97,566	\$24,391,400	1,049	1,574	2,098
KLAWOCK	\$23,364	\$29,428	\$23,364	\$5,841,100	267	400	533
KODIAK	\$2,193,596	\$2,209,790	\$2,209,790	\$552,447,400	2,242	3,363	4,484
KUSLUK					0	0	0
LAKE & PENINSULA					0	0	0
LOWER KUSKOWIM					0	0	0
LOWER YUKON					0	0	0
MAT-SU	\$10,867,024	\$18,600,040	\$10,867,024	\$2,716,755,900	3,794	5,691	7,588
MENANA	\$48,001	\$72,398	\$72,398	\$18,099,500	627	940	1,254
HOME	\$299,655	\$606,540	\$606,540	\$151,635,000	1,761	2,641	3,521
NORTH SLOPE	\$4,157,790	\$13,962,700	\$4,157,790	\$13,570,786,300	68,543	102,814	137,086
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					0	0	0
RAILBELT					0	0	0
SAND POINT	\$105,509	\$298,564	\$298,564	\$74,641,100	3,353	5,030	6,706
SITKA	\$1,764,700	\$3,066,801	\$1,764,700	\$441,175,000	3,293	4,939	6,586
SKAGWAY	\$71,000	\$236,146	\$236,146	\$59,036,600	3,294	4,942	6,589
SOUTHEAST ISLAND					0	0	0
SOUTHWEST REGION					0	0	0
ST. MARY'S	\$17,805	\$100,000	\$17,805	\$4,451,200	196	294	393
TANANA	\$47,021	\$52,350	\$47,021	\$11,755,200	638	957	1,276
UNALASKA	\$122,000	\$382,258	\$382,258	\$95,564,500	3,684	5,526	7,368
VALDEZ	\$1,375,290	\$4,468,037	\$1,375,290	\$1,693,326,700	25,856	38,784	51,713
WRANGELL	\$434,682	\$569,192	\$434,682	\$108,670,500	2,342	3,512	4,683
YAKUTAT	\$55,277	\$72,547	\$72,547	\$18,136,700	907	1,360	1,814
YUKON FLATS					0	0	0
YUKON-KOYUKUK					0	0	0
YUPIIT					0	0	0
TOTALS	\$133,368,689	\$179,945,517	\$133,935,290	\$51,044,006,850			

COST DIFFERENTIALS APPLIED TO THE ALASKA PUBLIC ELEMENTARY AND SECONDARY FUNDING PROGRAM

(Narrative prepared by Nat Cole under
contract with the Department of Education)

HISTORY:

Cost differentials in public education funding in Alaska date back to early Territorial days. As early as 1920, there were differentials. The first differentials dealt with teacher salary ranges for three geographical areas of the state. Generally the three areas were southeastern as the base, south-central increased five to ten percent over the base, and the northern and western areas of the state ranged from twelve to twenty-five percent over the base. These differentials continued into statehood and were incorporated into both the first and second school foundation funding programs enacted after statehood. It is important to note that these salary differentials applied to the state's share of school support and established a minimum salary level but did not limit the upper level that school districts could pay employees.

In the first foundation program established in 1962, and effective for the 1963-64 school year, certificated salaries and an allocation of professional staff were the major drivers of the funding mechanism. An allotment per pupil in average daily membership (ADM) of \$140, \$150 and \$160, respectively, was also provided in each of the differential areas. The areas were defined by senate election districts with the Southeastern Senate District as base and the Southcentral Senate District lying east of 152 degree west longitude as the five percent and \$150 per ADM differential area, and the rest of the state as the ten percent and \$160 differential area.

The driver of the second school funding program was an instructional unit. The number of units were determined by applying various formulas to groups of students such as elementary, secondary, special education, vocational education, etc. The instructional unit was assigned a base value and adjusted by the five and ten percent differentials. This funding program also recognized an isolation cost factor for school districts not connected to Anchorage, Fairbanks or Ketchikan by road, railroad or ferry. An additional allowance of five percent was made to those school districts who qualified.

The area cost differentials were addressed by the legislature again in the mid-1970's and were changed to range from the base value of the instructional unit at 100% to differentials ranging up to 32.75% over the base value. The differentials adopted for school funding differentials were the same as the differentials being used for state employee pay resulting from a 1972 cost of living study. The study used the House of Representative election districts as geographical subdivisions. The isolation factor where applicable was applied over and above the area differential. By 1976, the schools in the unorganized areas of the state previously operated as a single school district directly by the state, had been divided into twenty-one Regional Educational Attendance Area School Districts governed by locally elected boards of education and funded through the state's formula funding program. Because of this change and for other reasons, the Department of Education entered into discussions with the Center for Northern Educational Research and the Institute of Social and Economic Research of the University of Alaska to do a cost of education differential study. Due to time and financial constraints, such a

study was not conducted. What was done was a compilation of existing studies and other existing information into a weighted composite following the Bureau of Labor weights assigned to budget proportions for an Anchorage intermediate income for a family of four.

Due to a lack of information about many places where school districts existed, the composite index could only be computed for 27 of the 52 school districts. However, there was legislation passed assigning differentials of 1.00-1.55 times the base instructional unit allotment. Whether the new index more accurately reflected the true cost of education differential in Alaska than the one it replaced, is still an unanswered question. There was political tampering with the index before it became law and additional tampering continued until 1983, when the foundation computation approach was suspended for a \$/ADM approach which lasted until SB 408 became law in 1986.

Area differentials in SB 408 have no factual basis. According to one line of thinking they were assigned to adjust for federal P.L. 81-874 payments which in the past had in part substituted for state aid to the Regional Educational Attendance Area School Districts under the authority of Section 5D2 of the Federal P.L. 81-874.

PRESENT STATUS:

Current statute governing public elementary and secondary funding in Alaska has the differentials established in SB 408 and they are being used to distribute aid to school districts for the 1986-87 school year. A new funding bill has been developed and submitted by the Governor to the House and Senate for legislative action. However, the area differentials in the new bill were not derived from a "cost of education study" because no study has been conducted in Alaska. Time and cost constraints are even greater now than there were in 1976-77. Since there is general agreement that area cost differences do exist in Alaska, some consideration must be given to cost differentials in any appropriate public school funding program with an equalization objective. Therefore, when I was faced with the issue in the development of the new funding bill, I cast around for viable proxies to use for the cost of education index.

I reviewed the University of Alaska Cooperative Extension Service quarterly reports on comparative food basket and other items priced at various places throughout the state. I also reviewed the 1976-77 ISERG report discussed earlier, as well as the differentials that were in effect when the foundation formula was suspended in 1983. I took the results of the "Alaska Geographic Differential Study" and the arbitrator's award based on that study conducted by The McDowell Group and Alaska Attitudes, Inc., April 1985, and compared the results with the 1983 differentials, the 1976-77 ISERG work and the June 1986 quarterly Cooperative Extension Service report. I had hoped for some weighted amalgamation, but while all three trended in the same directions, the increments of change were very different. Because of the inherent danger in tampering with data collected and used in research designed for one purpose to accomplish a different purpose and the potential erroneous conclusions that can be drawn from data from studies not designed to meet the objectives at hand, I decided to review the "Alaska Geographic Differential Study" more carefully as a potential proxy for the cost of education index.

On review of the study, I found it to be a more comprehensive study than any others I had seen on Alaska. The number of items and the geographical areas of the state surveyed were much more comprehensive than previous studies. As a result of this more in-depth look at the study, I decided to use it as proxy for the area differentials in the proposed funding program.

This brings us to the situation at hand. The Department of Education has requested that I take another look at the "Alaska Geographic Differential Study" to see if there are areas where changes might be warranted. This I have done and I would wish to make the following observations and comments.

I still find the "Alaska Geographic Differential Study" to be the most recent and comprehensive study available to be used as a proxy for education cost differentials. The study includes many of the items that one would like to see in a cost of education study, although the weighting factors may differ. Retail outlets were surveyed on local costs of goods. Food, clothing, housing, utilities, transportation, medical and personal cost items were included among many other items.

Salaries and benefits account for between a low of about 65% to a high of about 85% of the expenditures in the local school district's budgets. Therefore, it seems reasonable that a cost of living study using random samples drawn from the general population would accurately reflect the cost of education for the 65-85% of personnel costs in the districts. Other items included in the study such as utilities, transportation and fuel reflect other cost items in the school districts' budgets.

If policy makers accept this or any other study as a proxy, they should recognize that results and conclusions should be accepted without tampering or altering in any way, and data should not be manipulated if the school districts within the election district are adequately represented by samples from the same or similar communities in reasonable numbers to reflect each school district's weight in the composite number assigned to the election district.

Some changes were made by the arbitrator in a dispute between the state and the Alaska Public Employees' Association after a comprehensive due process hearing to adjudicate differences between the McDowell et al study and a study conducted by the Association. The arbitrator's findings generally followed the McDowell Group, but some election districts were divided into sub-areas with different indices. The arbitrator's report of findings were the differentials used in the Governor's public school funding proposal (SB 119 & HB 126).

There are 55 public school districts in Alaska and 19 election districts (1961 apportionment), some of which were subdivided by the arbitrator for a total of 24 geographical areas. Therefore, there have to be multiple school districts in some election districts. Additionally, there are multiple school sites called ("funding communities" for the purposes of the Governor's funding proposal) in some of the school districts. Because the differentials were assigned by election districts, funding communities may not have been represented or may have been under-represented in the 24 geographical area average cost indices assigned by the arbitrator. While it is not statistically defensible to assign different differentials to these districts under the scope of the study, it is possible to make some

logical determination about unique characteristics of the districts. In order to proceed, one needs to group all the school districts into those that are adequately represented (Represented) and those districts under or unrepresented (Nonrepresented) by data in the study. The groups are identified in Attachment A with the nonrepresented districts further divided into single funding community districts and multiple funding community districts.

An analysis of Attachment A shows the nonrepresented school districts in single funding communities, i.e. Hydaburg, to be some distance from the main thoroughfare(s) in the election district. In other words, these districts are remote from the represented school districts in the same election district or designated area in the arbitrator's award. Nonrepresented school districts with multiple funding communities are characterized by the majority, if not all, of their funding communities being remote within the election district or defined area. Additionally, the multiple funding community school districts are also scattered over large geographical areas. Logically one can argue that additional cost factors accrue to these remote and scattered school districts over and above the cost differentials assigned to the election district or area in which they are located.

Among the additional cost factors these districts face are increased communications, travel, shipping, etc. Additionally, dispersed districts have increased school board and administrative travel costs as well as intra-district delivery and communications costs.

RECOMMENDATIONS:

1. Based on my general knowledge of school operation costs and without the benefit of specific supporting data, I recommend that the non-represented single funding community school districts receive an additional three percent (3%) cost differential over and above their respective election district or area differential awarded by the arbitrator.
2. School districts that have funding communities scattered over large geographical areas that are either a distance of 40 or more miles away from the largest funding community or a funding community of over 500 ADM or are not connected to other funding communities by a year-round surface road should receive at least a three percent (3%) differential and more than three percent (3%) if the district has a dispersion factor of more than three percent as computed below.

My recommendation for the dispersed school district is that each such district receive the product of a scatter factor multiplied by a student ratio times six percent (6%).

$$\text{Scatter Factor} = \frac{\text{number of isolated funding communities}}{\text{total number of funding communities}}$$

$$\text{Student Ratio} = \frac{\text{number students in isolated funding communities}}{\text{total number of students in district}}$$

(Student ratio must exceed 20%)

$$\text{Scatter Factor} \times \text{Student Ratio} \times 6\% = \text{dispersion factor}$$

The percentages for each of the nonrepresented school districts are shown in Attachment A. Attachment B shows the original and revised area cost differentials. The cost analysis of the recommended changes to the differentials are contained in the data packet dated March 30, 1987, prepared and distributed by the Department of Education.

	BQ	BR	BS	BT	BU	BV
	SCHOOL DISTRICT	REPRESENTED	NOT REP. SINGLE FUNDING COMM.		NOT REP. MULTIPLE FUNDING COMM.	NON-REP. DISTRICTS % INCREASE
9	ADAK	X				
10	ALASKA GTWY				X	3
11	ALEUTIAN				X	4
12	ANCHORAGE	X				
13	ANNETTE		X			3
14	BERING ST.				X	5
15	BRISTOL BAY	X				
16	CHATAM				X	3
17	CHUGACH				X	3
18	COPPER RIVER				X	3
19	CORDOVA	X				
20	CRAIG		X			3
21	DELTA GR	X				
22	DILLINGHAM	X				
23	FAIRBANKS	X				
24	GALENA	X				
25	HAINES	X				
26	HOONAH		X			3
27	HYDABURG		X			3
28	IDITAROD				X	3
29	JUNEAU	X				
30	KAKE		X			3
31	KASHU		X			3
32	KENAI	X				
33	KETCHIKAN	X				
34	KING COVE	X				
35	KLAWOCK		X			3
36	KODIAK	X				
37	KUSPUK				X	3
38	LAKE & PENI				X	4
39	LOWER KUSK				X	4
40	LOWER YK				X	5
41	MAT-SU	X				
42	NENANA	X				
43	NOME	X				
44	NORTH SLOPE				X	3
45	NW ARCTIC				X	3
46	PELICAN		X			3
47	PETERSBURG	X				
48	PRIBILOF				X	3
49	RAILBELT				X	3
50	SAND POINT	X				
51	SITKA	X				
52	SKAGWAY	X				
53	SOUTHEAST IS				X	4
54	SOUTHWEST				X	4
55	ST MARYS	X				
56	TANANA	X				
57	UNALASKA	X				
58	VALDEZ	X				
59	WRANGELL	X				
60	YAKUTAT		X			3
61	YUKON FLATS				X	4
62	YUKON-KOYUKUK				X	4
	YUPIIT				X	3

DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 SB119/MB126

	#1	#2	
A	ACTUAL	REVISED	CHANGE IN
SCHOOL DISTRICT	AREA COST DIFF.	AREA COST DIFF.	AREA COST DIFF.
ADAK	1.27	1.27	0.00
ALASKA GATEWAY	1.16	1.19	0.03
ALEUTIAN REGION	1.27	1.31	0.04
ANCHORAGE	1.00	1.00	0.00
ANNETTE ISLAND	1.00	1.03	0.03
BERING STRAIT	1.34	1.39	0.05
BRISTOL BAY	1.27	1.27	0.00
CHATHAM	1.00	1.03	0.03
CHUGACH	1.11	1.14	0.03
COPPER RIVER	1.11	1.14	0.03
CORDOVA	1.11	1.11	0.00
CRAIG	1.00	1.03	0.03
DELTA GREELY	1.16	1.16	0.00
DILLINGHAM	1.27	1.27	0.00
FAIRBANKS	1.04	1.04	0.00
GALENA	1.30	1.30	0.00
HAINES	1.05	1.05	0.00
HOONAH	1.05	1.08	0.03
HYDABURG	1.00	1.03	0.03
IDITAFLO	1.30	1.33	0.03
JUNEAU	1.00	1.00	0.00
KAKE	1.00	1.03	0.03
KASHUNMIUT	1.30	1.33	0.03
KENAI	1.00	1.00	0.00
KETCHIKAN	1.00	1.00	0.00
KING COVE	1.27	1.27	0.00
KLAMOCK	1.00	1.03	0.03
KODIAK	1.09	1.09	0.00
KUSPUK	1.30	1.33	0.03
LAKE & PENINSULA	1.27	1.31	0.04
LOWER KUSKOKWIM	1.38	1.42	0.04
LOWER YUKON	1.30	1.35	0.05
MAT-SU	1.00	1.00	0.00
NEENAH	1.20	1.20	0.00
NOME	1.34	1.34	0.00
NORTH SLOPE	1.42	1.45	0.03
NORTHWEST ARCTIC	1.42	1.45	0.03
PELICAN	1.05	1.08	0.03
PETERSBURG	1.00	1.00	0.00
PRIBILOF	1.27	1.30	0.03
RAILBELT	1.20	1.23	0.03
SAND POINT	1.27	1.27	0.00
SITKA	1.00	1.00	0.00
SKAGWAY	1.05	1.05	0.00
SOUTHEAST ISLAND	1.00	1.04	0.04
SOUTHWEST REGION	1.27	1.31	0.04
ST. MARY'S	1.30	1.30	0.00
TANANA	1.30	1.30	0.00
UNALASKA	1.27	1.27	0.00
VALDEZ	1.11	1.11	0.00
WRANSELL	1.00	1.00	0.00
YAKUTAT	1.05	1.08	0.03
YUKON FLATS	1.42	1.46	0.04
YUKON-KOYUKUK	1.30	1.34	0.04
YUPIIT	1.38	1.41	0.03

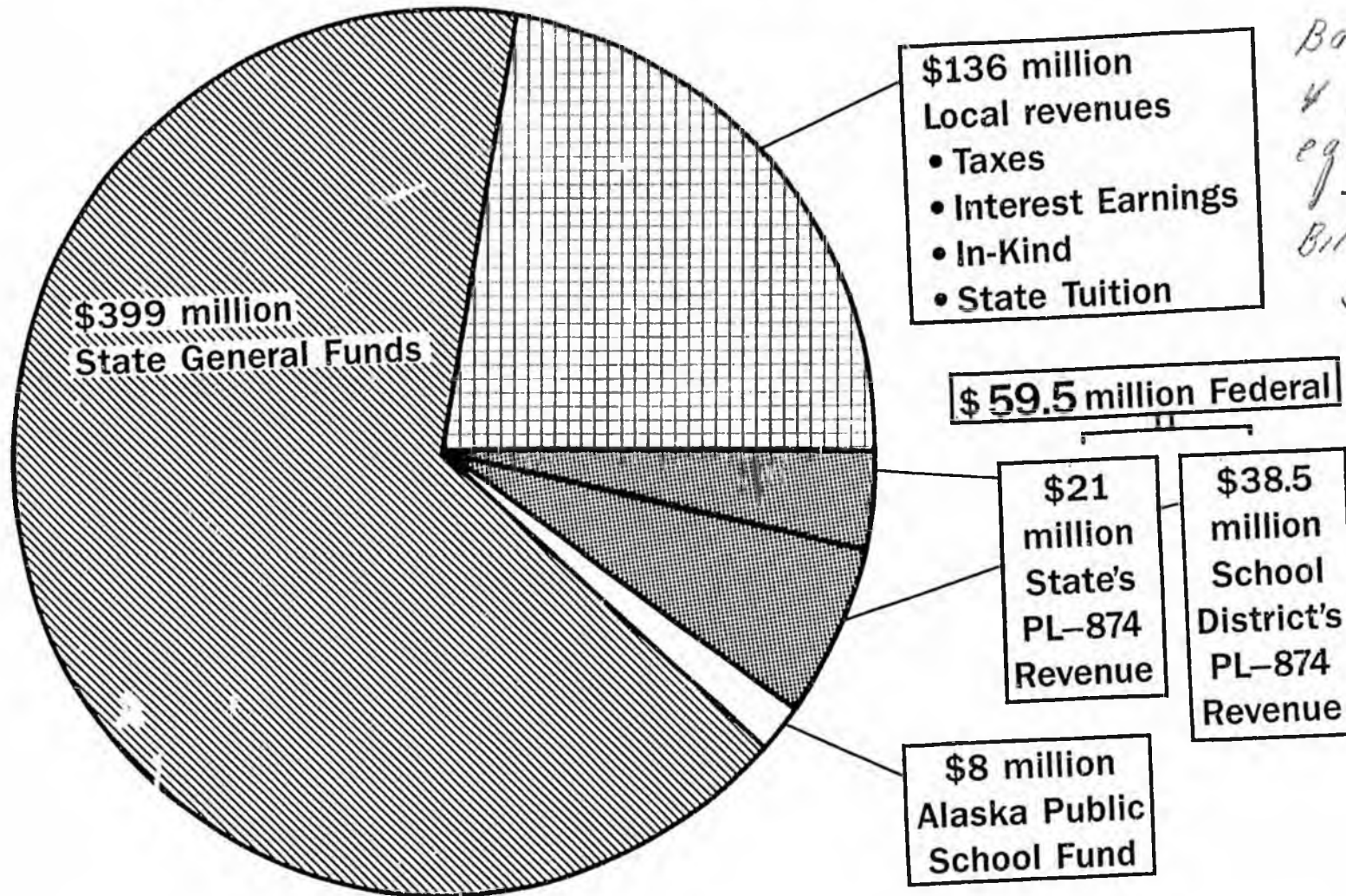
DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOS
98119/98126
APRIL 2, 1987

SCHOOL DISTRICT	AMOUNT REQUIRED TO REACH 1 MILL				AMOUNT REQUIRED TO REACH 2 MILLS			AMOUNT REQUIRED TO REACH 3 MILLS		AMOUNT REQUIRED TO REACH 4 MILLS	
	A FY87 BUDGETED LOCAL REVENUES	B ONE HUNDRED PERCENT ASSESSED VALUE	C COLUMN A DIVIDED BY B TIMES 1,000	D COLUMN B AT 1 MILL	E COLUMN D MINUS COLUMN A	F COLUMN B AT 2 MILLS	G COLUMN F MINUS COLUMN A	H COLUMN B AT 3 MILLS	I COLUMN H MINUS COLUMN A	J COLUMN B AT 4 MILLS	K COLUMN J MINUS COLUMN A
ADAK	\$229,600		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ALASKA GATEWAY	\$0		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ALEUTIAN REGION	\$14,500		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANCHORAGE	\$71,812,914	\$19,343,356,800	3.71	\$19,343,357	\$0	\$38,686,714	\$0	\$58,030,070	\$0	\$77,373,427	\$0
ANNETTE ISLAND	\$75,321		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BERING STRAIT	\$130,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ERISTOL BAY	\$102,532	\$101,541,000	1.01	\$101,541	\$0	\$203,082	\$100,550	\$306,623	\$202,091	\$406,164	\$303,632
CHATHAM	\$30,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CHUGACH	\$15,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COPPER RIVER	\$19,090		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CORDOVA	\$821,642	\$123,982,300	6.63	\$123,982	\$0	\$247,965	\$0	\$371,967	\$0	\$495,929	\$0
CRAIG	\$28,735	\$37,304,700	0.77	\$37,305	\$8,570	\$74,609	\$45,874	\$111,914	\$83,179	\$149,219	\$120,434
DELTA GREELY	\$103,454		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DILLINGHAM	\$195,000	\$107,515,700	1.81	\$107,516	\$0	\$215,031	\$20,031	\$322,547	\$127,547	\$430,063	\$235,063
FAIRBANKS	\$26,049,962	\$4,726,913,900	5.51	\$4,726,914	\$0	\$9,453,828	\$0	\$14,180,742	\$0	\$18,907,656	\$0
GALENA	\$88,224	\$20,106,900	4.39	\$20,107	\$0	\$40,214	\$0	\$60,321	\$0	\$80,428	\$0
HAINES	\$401,474	\$97,621,600	4.11	\$97,622	\$0	\$195,243	\$0	\$292,865	\$0	\$390,486	\$0
HOONAH	\$94,775	\$29,237,500	3.24	\$29,238	\$0	\$58,475	\$0	\$87,713	\$0	\$116,950	\$22,175
HYDABURG	\$2,200	\$13,417,800	0.16	\$13,418	\$11,218	\$26,836	\$24,636	\$40,253	\$38,053	\$53,671	\$51,471
IDITAROD	\$135,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
JUNEAU	\$9,255,132	\$1,688,992,300	5.48	\$1,688,992	\$0	\$3,377,985	\$0	\$5,066,977	\$0	\$6,755,969	\$0
KAKE	\$85,703	\$12,188,400	7.03	\$12,188	\$0	\$24,377	\$0	\$36,565	\$0	\$48,754	\$0
KASHUNAMIUT	\$0		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
KENAI	\$18,298,125	\$3,905,341,700	4.69	\$3,905,342	\$0	\$7,810,683	\$0	\$11,716,025	\$0	\$15,621,367	\$0
KETCHIKAN	\$5,472,063	\$904,384,100	6.05	\$904,384	\$0	\$1,808,768	\$0	\$2,713,152	\$0	\$3,617,536	\$0
KING COVE	\$13,000	\$24,391,400	0.53	\$24,391	\$11,391	\$48,783	\$35,783	\$73,174	\$60,174	\$97,566	\$84,566
KLADOCK	\$29,428	\$5,841,100	5.04	\$5,841	\$0	\$11,682	\$0	\$17,523	\$0	\$23,364	\$0
KOOTAK	\$2,193,596	\$552,447,400	3.97	\$552,447	\$0	\$1,104,895	\$0	\$1,657,742	\$0	\$2,209,790	\$16,194
KUSPUK	\$163,496		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LAKE & PENINSULA	\$140,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LOWER KUSKOKWIM	\$395,598		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LOWER YUKON	\$600,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MAT-SU	\$19,147,502	\$2,716,755,900	7.05	\$2,716,756	\$0	\$5,433,512	\$0	\$8,150,268	\$0	\$10,867,024	\$0
MENANA	\$48,001	\$18,099,500	2.65	\$18,100	\$0	\$36,199	\$0	\$54,299	\$6,298	\$72,398	\$24,397
NOME	\$299,655	\$151,635,000	1.98	\$151,635	\$0	\$303,270	\$3,615	\$454,905	\$155,250	\$606,540	\$306,885
NORTH SLOPE	\$13,962,700	\$13,570,786,300	1.03	\$13,570,786	\$0	\$27,141,573	\$0	\$40,712,359	\$0	\$54,283,145	\$0
NORTHWEST ARCTIC	\$210,000	\$235,045,250	0.89	\$235,045	\$25,045	\$470,091	\$260,091	\$705,136	\$495,136	\$940,181	\$730,181
PELICAN	\$24,126	\$14,987,400	1.61	\$14,987	\$0	\$29,975	\$5,869	\$44,962	\$21,836	\$59,950	\$35,824
PETERSBURG	\$680,323	\$135,355,400	5.03	\$135,355	\$0	\$270,711	\$0	\$406,066	\$0	\$541,422	\$0
PRIBILOF	\$20,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RAILBELT	\$50,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SAND POINT	\$105,509	\$74,641,100	1.41	\$74,641	\$0	\$149,282	\$43,773	\$223,923	\$118,414	\$298,564	\$193,055
SITKA	\$3,066,801	\$441,175,000	6.95	\$441,175	\$0	\$882,350	\$0	\$1,323,525	\$0	\$1,764,700	\$0
SKAGWAY	\$71,000	\$59,036,600	1.20	\$59,037	\$0	\$118,073	\$47,073	\$177,110	\$106,110	\$236,146	\$165,146
SOUTHEAST ISLAND	\$100,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SOUTHWEST REGION	\$250,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ST. MARY'S	\$100,000	\$4,451,200	22.47	\$4,451	\$0	\$8,902	\$0	\$13,354	\$0	\$17,805	\$0
TANANA	\$52,350	\$11,755,200	4.45	\$11,755	\$0	\$23,510	\$0	\$35,266	\$0	\$47,021	\$0
UNALASKA	\$122,000	\$95,564,500	1.28	\$95,565	\$0	\$191,129	\$69,129	\$286,694	\$164,694	\$382,258	\$260,258
VALDEZ	\$4,468,037	\$1,693,326,700	2.64	\$1,693,327	\$0	\$3,386,653	\$0	\$5,079,580	\$0	\$6,773,307	\$0
WRENGELL	\$569,192	\$108,670,500	5.24	\$108,671	\$0	\$217,341	\$0	\$326,012	\$0	\$434,682	\$0
YAKUTAT	\$55,277	\$18,136,700	3.05	\$18,137	\$0	\$36,273	\$0	\$54,410	\$0	\$72,547	\$17,270
YUKON FLATS	\$30,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
YUKON-KOYUKUK	\$105,000		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
YUPIIT	\$52,466		0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

TOTALS \$180,634,903 \$51,644,006,850 \$51,044,008 \$56,224 \$102,088,014 \$656,434 \$153,132,022 \$1,577,782 \$204,176,029 \$2,566,601

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

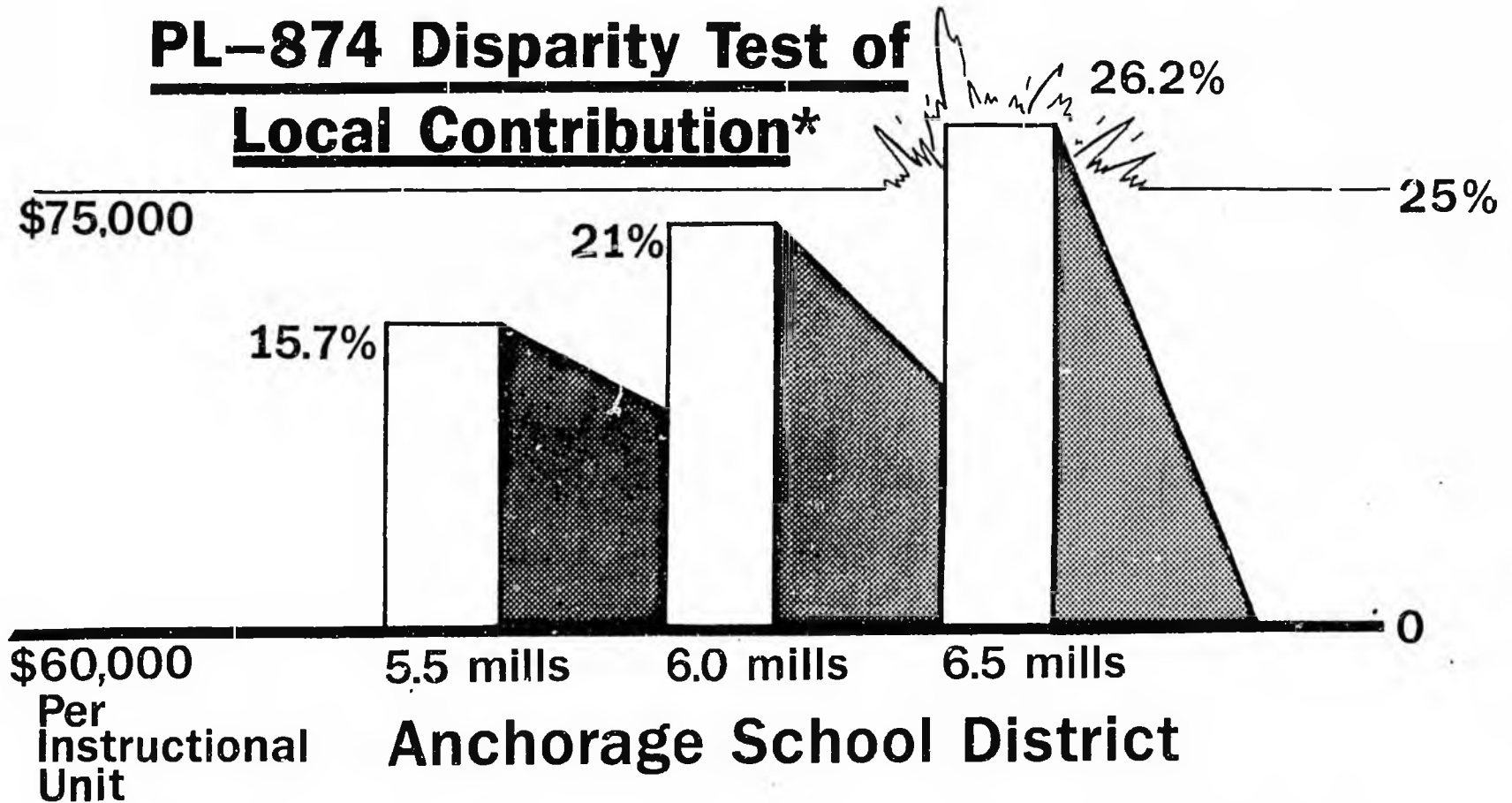
FY 88 Foundation Revenue Sources



*Based on
4 Mill tax
equivalency
Bill proposed
5 1/2 Mill MAX*

\$602.5 MILLION

PL-874 Disparity Test of Local Contribution*



↓
Approx 10,000 Inst Unit

- *Local Taxes
- *In-Kind Services
- *Interest Earnings
- *State Tuition

Introduced: 2/10/87
Referred: Health, Education and Social
Services and Finance

wol:57s



BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 119

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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

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

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

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

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

26 (b) The basic need of each school district is determined by
27 multiplying the area cost differential of the district under AS 14.-
28 17.051 by the number of instructional units in the district under
29 AS 14.17.031 and then by the instructional unit value in AS 14.17.056.

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

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

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

13 Sec. 14.17.025. LOCAL EFFORT. (a) Each city or borough that is
14 a school district is required to appropriate and contribute to the
15 school operating fund of the district for each fiscal year, in accor-
16 dance with AS 14.14.060 and AS 14.14.065, at least the lesser of

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

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

25 (b) A city or borough may not contribute more to the school
26 operating fund of the district in any fiscal year than the equivalent
27 of a 5.5 mill tax levy on the full and true value of the taxable real
28 and personal property in the district as of January 1 of the second
29 preceding fiscal year, as determined by the Department of Community
and Regional Affairs under AS 29.45.110 and AS 14.17.140.

6.0
Max \$100,000/Unit

1 (c) Interest earnings that a district is allowed to keep and
2 spend on school operations, state tuition payments, and in-kind con-
3 tributions by the city or borough, may be counted toward the local
4 effort requirement in (a) of this section, and must be counted under
5 the contribution limit in (b) of this section, in accordance with
6 regulations adopted by the department.

7 (d) No local contribution is required in regional educational
8 attendance areas. Interest earnings and other local revenue in such
9 districts are not considered local revenues for current operating
10 expenditures, and are subject to regulation and disposition by the de-
11 partment.

12 (e) No state foundation aid payments may be made to a city or
13 borough school district in which the requirements of (a) of this
14 section have not been met.

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

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

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

26 (2) the number of units for vocational education determined
27 under AS 14.17.043;

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

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

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

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

9 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

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

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

24 (b) For other funding communities,
25 (1) instructional units for elementary students are de-
26 termined by the formula:

27 units = 15 + (ADM - 200),

28 17

29 where ADM is the number of students in average daily

1 membership in grades kindergarten through 6;

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

4
$$\text{units} = 18 + \frac{\text{ADM} - 200}{13},$$

5

6 where ADM is the number of students in average daily member-
7 ship in grades 7 through 12.

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

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

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

15 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS.

16 Vocational education instructional units for high-cost vocational
17 education courses, approved by the department, are calculated as the
18 sum, for all such courses in the funding community, of the products
19 obtained by multiplying 0.05 by the ADM full-time equivalent of the
20 course, and then by the cost weighting factor for the course de-
21 termined under department regulations. Any funding community in which
22 a high-cost vocational education course, approved by the department,
23 is operated receives a minimum of 0.10 instructional units for voca-
24 tional education, and each district in which such a course is operated
25 receives a minimum of 1.00 such units.

26 * Sec. 8. AS 14.17 is amended by adding a new section to read:

27 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. Each

28 exceptional child, as defined in AS 14.30.350, who is enrolled in a
29 special education program, approved by the department, on the last day

Jay
Amend.

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

14 * Sec. 9. AS 14.17 is amended by adding a new section to read:

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

28 * Sec. 10. AS 14.17.051 is repealed and reenacted to read:

29 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost

1 differential for each school district is as follows:

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

1	Kodiak	1.09
2	Kuspuk	1.30
3	Lake & Peninsula	1.27
4	Lower Kuskokwim	1.38
5	Lower Yukon	1.30
6	Matanuska-Susitna	1.00
7	Nenana	1.20
8	Nome	1.34
9	North Slope	1.42
10	Northwest Arctic	1.42
11	Pelican	1.05
12	Petersburg	1.00
13	Pribilof	1.27
14	Railbelt	1.20
15	Sand Point	1.27
16	Sitka	1.00
17	Skagway	1.05
18	Southeast Island	1.00
19	Southwest Region	1.27
20	St. Mary's	1.30
21	Tanana	1.30
22	Unalaska	1.27
23	Valdez	1.11
24	Wrangell	1.00
25	Yakutat	1.05
26	Yukon Flats	1.42
27	Yukon-Koyukuk	1.30
28	Yupiit	1.30
29	* Sec. 11. AS 14.17.056 is amended to read:	

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

4 * Sec. 12. AS 14.17.080 is repealed and reenacted to read:

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

18 * Sec. 13. AS 14.17.082 is repealed and reenacted to read:

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

24 (b) The department shall review the annual audit of each dis-
25 trict for the preceding fiscal year to ascertain its year-end operat-
26 ing fund balance. Any amount by which the unreserved portion of that
27 balance exceeds the amount permitted in (a) of this section must be
28 deducted from the state foundation aid that would otherwise be paid to
29 the district in the current fiscal year.

1 * Sec. 14. AS 14.17.140 is amended to read:

2 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
3 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
4 of local effort under AS 14.17.025 and to aid the department and the
5 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
6 NEED UNDER AS 14.17.021,] the Department of Community and Regional
7 Affairs, in consultation with the assessor for each district, shall
8 determine the full value of the taxable real and personal property in
9 each district, as defined in AS 14.17.250. Exemptions granted under
10 ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act
11 (AS 43.25), must [SHALL] be honored. If there is no local assessor or
12 current local assessment for a district, then the Department of Commu-
13 nity and Regional Affairs shall make the determination of full value
14 from information available. In making the determination, the Depart-
15 ment of Community and Regional Affairs shall be guided by AS 29.45.-
16 110. The determination of full value must [SHALL] be made by [BEFORE]
17 October 1 and sent by certified mail, return receipt requested, on or
18 before that date to the president of the school board in each dis-
19 trict. Duplicate copies must [SHALL] be sent to the commissioner.
20 The governing body of a [THE] borough or city that [WHICH] is a school
21 [THE] district may obtain judicial review of the determination. The
22 superior court may modify the determination of the Department of
23 Community and Regional Affairs only upon a finding of abuse of [OR]
24 discretion or upon a finding that there is no substantial evidence to
25 support the determination.

26 (b) Motor vehicles subject to the motor vehicle registration tax
27 under AS 28.10.431 must [AS 28.10.255 SHALL] be treated as taxable
28 property under [FOR PURPOSES OF (A) OF] this section.

29 * Sec. 15. AS 14.17.160 is repealed and reenacted to read:

1 Sec. 14.17.160. STUDENT COUNTING PERIODS. Within two weeks
2 after the end of the 20-school-day period ending the fourth Friday in
3 October. each district shall transmit a report to the department
4 which, in accordance with regulations adopted by the department,
5 reports its average daily membership for that counting period, and
6 other student count information that will aid the department in making
7 a determination of its state foundation aid. If it makes the district
8 eligible for more state foundation aid, a district may transmit,
9 within two weeks after the 20-school-day period ending the second
10 Friday in February, a similar report for that counting period. The
11 department may make any necessary corrections in the report submitted,
12 and shall notify the district of any changes made. The commissioner
13 shall notify the governor of any additional appropriations the commis-
14 sioner estimates to be necessary to fully fund the public school
15 foundation program for the current fiscal year.

16 * Sec. 16. AS 14.17.170 is repealed and reenacted to read:

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

1 (b) If a district receives more state aid money than it is
2 entitled to receive under this chapter, it shall immediately remit the
3 amount of overpayment to the commissioner, to be returned to the
4 public school foundation account. Upon an adequate showing of a cash
5 flow shortfall, and in the discretion of the commissioner, the depart-
6 ment may make advance payments to a school district. The total of
7 advance payments is not to exceed the amount of state foundation aid
8 for which the district is eligible for the fiscal year.

9 * Sec. 17. AS 14.17.190 is amended to read:

10 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE
11 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public
12 school foundation money distributed to a district during a year must
13 [SHALL] be received, held, and expended by the district subject to the
14 provisions of law and regulations of [PROMULGATED BY] the department.

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

21 * Sec. 18. AS 14.17.200 is amended to read:

22 Sec. 14.17.200. REGULATIONS. The department shall adopt [PRO-
23 MULGATE] regulations to implement this chapter.

24 * Sec. 19. AS 14.17.220 is amended to read:

25 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
26 ture, in enacting this public school foundation program, to assure an
27 adequate level of educational opportunities for those in attendance in
28 the public schools of the state. Except for the limitations of
29 AS 14.17.025, this [THIS] chapter may [SHALL] not be interpreted as

1 preventing a public school district from providing educational ser-
2 vices and facilities beyond those assured by the foundation program.

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

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

8 (b) Money to carry out the provisions of AS 14.17.010 -- 14.-
9 17.190 may be appropriated annually by the legislature into the public
10 school foundation account. If amounts in the account are insufficient
11 to meet the allocations authorized under AS 14.17.010 -- 14.17.190,
12 the instructional unit value in AS 14.17.056 must be reduced by the
13 department as required.

14 * Sec. 21. AS 14.17.250(1) is amended to read:

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

20 * Sec. 22. AS 14.17.250(2) is amended to read:

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

25 * Sec. 23. AS 14.17.250(11) is amended to read:

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

29 * Sec. 24. TRANSITION. (a) For the purpose of calculating the

1 required local effort under AS 14.17.025(a)(2) for fiscal year 1988, and
2 for the purpose of (c)(7) of this section, each district's basic need for
3 the preceding fiscal year is as determined by the department based on its
4 projections of student count data for fiscal year 1988 and the allowable
5 instructional units and instructional unit value as contained in this Act.

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

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

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

11 (c) In (b) of this section

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

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

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

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

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

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

28 (7) "sum87" means the sum of

29 (A) state aid received by the district under AS 14.17.021,

1 as it read before July 1, 1987, for fiscal year 1987;

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

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

8 (i) the district's revenue from earnings in the
9 district's operating fund in fiscal year 1987;

10 (ii) state tuition payments to the district in fiscal
11 year 1987; and

12 (iii) any city or borough appropriations or in-kind
13 contributions for fiscal year 1987.

14 (d) The amount determined under (c)(7)(C) of this may not
15 exceed the lesser of

16 (1) the equivalent of a four mill tax levy on the full and true
17 value of taxable real and personal property in the district as of January
18 1, 1986, as determined by the Department of Community and Regional Affairs
19 under AS 14.17.170; or

20 (2) 35 percent of the district's basic need as determined under
21 (a) of this section.

22 * Sec. 25. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
23 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
24 17.250(12) are repealed.

25 * Sec. 26. Sections 4, 13, and 24 of this Act take effect immediately
26 under AS 01.10.070(c).

27 * Sec. 27. Sections 1 -- 3, 5 -- 12, 14 -- 23, and 25 of this Act take
28 effect July 1, 1987.

w01157sB
Levy
4/7/87

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

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

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

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

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

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

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

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

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

28 (b) In addition to the required contribution under (a) of this
29 section a city or borough may contribute to the school operating fund

1 of the district for any fiscal year no more than the greater of:

2 (1) the equivalent of a 2.0 mill tax levy on the full and
3 true value of the taxable real and personal property in the district
4 as of January 1 of the second preceding fiscal year, as determined by
5 the Department of Community and Regional Affairs under AS 14.17.140
6 and AS 29.45.110; or

7 (2) the product of

8 (A) 21 percent of the instructional unit value in
9 AS 14.17.056;

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

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

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

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

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

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

2 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
3 ment shall adopt regulations defining funding communities within each
4 district which reflect geographic and attendance area factors. For
5 the purpose of determining instructional units, students are counted
6 in the district and the funding community from which they receive
7 educational services. The total number of instructional units in a
8 school district is the sum of the following units for each funding
9 community within the district, as determined by the department:

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

12 (2) the number of units for vocational education determined
13 under AS 14.17.043;

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

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

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

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

24 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

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

29 ADM

 Units

1 1 - 10

2

2 11 - 20

2 + ((ADM-10)/5)

3
4 21 - 60

4 + ((ADM-20)/8)

5
6 61 - 120

9 + ((ADM-60)/12)

7
8 121 - 525

14 + ((ADM-120)/15)

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

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

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

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

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

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

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

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

26 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
27 tional education instructional units for vocational education courses
28 approved by the department are calculated as the sum, for all of those
29 courses in the funding community, of the products obtained by

1 multiplying 0.05 by the ADM full-time equivalent of the course, and
2 then by the cost weighting factor for the course determined under
3 department regulations. A funding community in which a vocational
4 education course approved by the department is operated receives a
5 minimum of 0.10 instructional units for vocational education, or each
6 district in which a vocational education course is operated receives a
7 minimum of 1.00 instructional units, whichever is greater.

8 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An
9 exceptional child, as defined in AS 14.30.350, who is enrolled in a
10 special education program, approved by the department, on the last day
11 of the counting period for which a determination is being made, gener-
12 ates 0.025 instructional units if the child receives gifted services,
13 0.056 instructional units if the child receives resource services, 0.1
14 instructional units if the child receives self-contained services, or
15 0.333 instructional units if the child receives intensive or hospi-
16 tal/homebound services, as those categories of service are defined by
17 the department by regulation, in the funding community in which the
18 child is served. A child may be counted in one special education
19 category only.

20 (b) Notwithstanding (a) of this section, in a district that
21 offers a special education program each funding community receives a
22 minimum of 0.25 instructional units for special education or the
23 district receives a minimum of 1.00 instructional units for special
24 education, whichever is greater.

25 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
26 student for whom an appropriate bilingual program must be provided
27 under regulations adopted by the department, and who is enrolled in a
28 bilingual program, approved by the department, as of the last day of
29 the counting period for which a determination is being made,

1 generates, in the funding community in which the student is served,
 2 the number of bilingual education instructional units that is the
 3 product obtained by multiplying 0.042 by the student's language domi-
 4 nance category weight under department regulations. A funding commu-
 5 nity in which a bilingual program approved by the department is oper-
 6 ated receives a minimum of 0.10 instructional units for bilingual
 7 education, and a district in which a bilingual program is operated
 8 receives a minimum of 1.00 instructional units.

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

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

School District	Area Cost Differential
Adak	1.27
Alaska Gateway	1.16
Aleutian Region	1.27
Anchorage	1.00
Annette Island	1.00
Bering Strait	1.34
Bristol Bay	1.27
Chatham	1.00
Chugach	1.11
Copper River	1.11
Cordova	1.11
Craig	1.00
Delta/Greely	1.16
Dillingham	1.27
Fairbanks	1.04
Galena	1.30
Haines	1.05

1	Hoonah	1.05
2	Hydaburg	1.00
3	Iditarod	1.30
4	Juneau	1.00
5	Kake	1.00
6	Kashunamiut	1.30
7	Kenai	1.00
8	Ketchikan	1.00
9	King Cove	1.27
10	Klawock	1.00
11	Kodiak	1.09
12	Kuspuk	1.30
13	Lake & Peninsula	1.27
14	Lower Kuskokwim	1.38
15	Lower Yukon	1.30
16	Matanuska-Susitna	1.00
17	Nenana	1.20
18	Nome	1.34
19	North Slope	1.42
20	Northwest Arctic	1.42
21	Pelican	1.05
22	Petersburg	1.00
23	Pribilof	1.27
24	Railbelt	1.20
25	Sand Point	1.27
26	Sitka	1.00
27	Skagway	1.05
28	Southeast Island	1.00
29	Southwest Region	1.27

1	St. Mary's	1.30
2	Tanana	1.30
3	Unalaska	1.27
4	Valdez	1.11
5	Wrangell	1.00
6	Yakutat	1.05
7	Yukon Flats	1.42
8	Yukon-Koyukuk	1.30
9	Yupiit	1.30

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

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

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

15 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
 16 prepare and submit to the department, by October 15 of each fiscal
 17 year, in the manner and on forms prescribed by the department, an
 18 estimate of its average daily membership and other student count data
 19 for the succeeding fiscal year, upon which computations can be made of
 20 the amount of estimated state foundation aid for which the district
 21 will be eligible under AS 14.17.021 in that fiscal year. In making
 22 this estimate, the district shall consider its average daily member-
 23 ship, other student count data, the pattern of growth or decline in
 24 preceding years, and other pertinent information available to the
 25 district. The preliminary reports required by this section are the
 26 basis for estimating the need for state foundation aid for the next
 27 fiscal year.

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

29 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A

1 district may not accumulate in a fiscal year an unreserved portion of
2 its year-end fund balance in its school operating fund, as defined by
3 department regulations, that is greater than five percent of its
4 expenditures for that fiscal year.

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

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

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

1 borough or city that [WHICH] is a school [THE] district may obtain
2 judicial review of the determination. The superior court may modify
3 the determination of the Department of Community and Regional Affairs
4 only upon a finding of abuse of [OR] discretion or upon a finding that
5 there is no substantial evidence to support the determination.

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

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

10 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
11 after the end of the 20-school-day period ending the fourth Friday in
12 October, each district shall transmit a report to the department that,
13 under regulations adopted by the department, reports its average daily
14 membership for that counting period, and other student count informa-
15 tion that will aid the department in making a determination of its
16 state foundation aid. If it makes the district eligible for more
17 state foundation aid, a district may transmit, within two weeks after
18 the 20-school-day period ending the second Friday in February, a
19 similar report for that counting period. The department may make
20 necessary corrections in the report submitted, and shall notify the
21 district of changes made. The commissioner shall notify the governor
22 of additional appropriations the commissioner estimates to be neces-
23 sary to fully fund the public school foundation program for the cur-
24 rent fiscal year.

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

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

1 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
2 department shall determine the state foundation aid for each school
3 district in a fiscal year on the basis of the district's data reported
4 under AS 14.17.160 for the counting period that makes the district
5 eligible for the greatest number of instructional units. On or before
6 the 15th day of each of the first nine months of each fiscal year,
7 1/12 of each district's state foundation aid shall be distributed on
8 the basis of the data reported for the preceding fiscal year. On or
9 before the 15th day of each of the last three months of each fiscal
10 year, 1/3 of the balance of each district's state foundation aid shall
11 be distributed, after the balance has been recomputed on the basis of
12 student count and other data reported for the current fiscal year.

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

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

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

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

29 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-

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

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

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

13 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
14 17.190 may be appropriated annually by the legislature into the public
15 school foundation account. If amounts in the account are insufficient
16 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
17 a fiscal year, the instructional unit value in AS 14.17.056 shall be
18 reduced by the department as necessary to make the funds available
19 sufficient to meet the allocations for that fiscal year.

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

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

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

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

1 made [SCHOOL TERM];

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

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

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

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

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

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

17 (c) In (b) of this section

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

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

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

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

29 (5) "p" means the transition percentage, which is 90 percent in

1 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
2 year 1990;

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

5 (7) "sum87" means the sum of

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

8 (B) 90 percent of that portion of the federal impact aid
9 received by the district in fiscal year 1987 under secs. 2 - 4 of P.L.
10 81-874 (20 U.S.C. 237 - 239), as amended, to the extent that that
11 money could be considered as local resources under that Act and the
12 regulations adopted under it; and

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

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

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

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

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

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

26 (2) 35 percent of the district's basic need as determined under
27 (a) of this section.

28 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts
29 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,

1 between March 1, 1987, and July 1, 1987, based upon applications submitted
2 before or during fiscal year 1986 may not be subtracted from the district's
3 basic need under AS 14.17.021(b).

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

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

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

11 * Sec. 25. Section 11 of this Act takes effect July 1, 1988.

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Introduced: 3/19/87
Referred: Health, Education & Social Services
& Finance

5-0859A

Funding Information

General Fund	\$399,442,400
Other Funds	28,644,100
	<u>\$428,086,500</u>

1 IN THE SENATE

BY FISCHER, KERTTULA, JONES,
UEHLING, COGHILL AND ABCOOD

2 SENATE BILL NO. 197

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Education for the foundation program; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$428,086,500 is appropriated to the Department
11 of Education for the foundation program (AS 14.17) for the fiscal year
12 ending June 30, 1988, from the following sources: \$399,442,400 from the
13 general fund; \$8,000,000 from the public school fund (AS 37.14.110); and
14 \$20,644,100 from federal funds.

15 * Sec. 2. This Act takes effect July 1, 1987.

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
SB119/HB126

ADM
95

A	#1	#2	CHANGE IN
	ACTUAL	REVISED	
SCHOOL DISTRICT	AREA COST DIFF.	AREA COST DIFF.	AREA COST DIFF.

Current

ADAK	1.27	1.27	0.00
ALASKA GATEWAY	1.16	1.19	0.03
ALEUTIAN REGION	1.27	1.31	0.04
ANCHORAGE	1.00	1.00	0.00
ANNETTE ISLAND	1.00	1.03	0.03
BERING STRAIT	1.34	1.39	0.05
BRISTOL BAY	1.27	1.27	0.00
CHATHAM	1.00	1.03	0.03
CHUGACH	1.11	1.14	0.03
COPPER RIVER	1.11	1.14	0.03
CORDOVA	1.11	1.11	0.00
CRAIG	1.00	1.03	0.03
DELTA GREELY	1.16	1.16	0.00
DILLINGHAM	1.27	1.27	0.00
FAIRBANKS	1.04	1.04	0.00
GALENA	1.30	1.30	0.00
HAINES	1.05	1.05	0.00
HOOKAH	1.05	1.08	0.03
HYDABURG	1.00	1.03	0.03
IDITAROD	1.30	1.33	0.03
JUNEAU	1.00	1.00	0.00
KAKE	1.00	1.03	0.03
KASHUNAMIUT	1.30	1.33	0.03
KENAI	1.00	1.00	0.00
KETCHIKAN	1.00	1.00	0.00
KING COVE	1.27	1.27	0.00
KLAWOCK	1.00	1.03	0.03
KODIAK	1.09	1.09	0.00
KUSPUK	1.30	1.33	0.03
LAKE & PENINSULA	1.27	1.31	0.04
LOWER KUSKOKWIM	1.38	1.42	0.04
LOWER YUKON	1.30	1.35	0.05
MAT-SU	1.00	1.00	0.00
→ NENANA	1.20	1.20	0.00
NOME	1.34	1.34	0.00
NORTH SLOPE	1.42	1.45	0.03
NORTHWEST ARCTIC	1.42	1.45	0.03
PELICAN	1.05	1.08	0.03
PETERSBURG	1.00	1.00	0.00
PRIBILOF	1.27	1.30	0.03
RAILBELT	1.20	1.23	0.03
SAND POINT	1.27	1.27	0.00
SITKA	1.00	1.00	0.00
2070 — SKAGWAY	1.05	1.05	0.00
SOUTHEAST ISLAND	1.00	1.04	0.04
SOUTHWEST REGION	1.27	1.31	0.04
ST. MARY'S	1.30	1.30	0.00
TANANA	1.30	1.30	0.00
UNALASKA	1.27	1.27	0.00
VALDEZ	1.11	1.11	0.00
WRANGELL	1.00	1.00	0.00
YAKUTAT	1.05	1.08	0.03
→ YUKON FLATS	1.42	1.46	0.04
→ YUKON-KOYUKUK	1.30	1.34	0.04
YUPIIT	1.38	1.41	0.03

GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL

PREPARED 2/19/87

SB119/HB126

BASIC NEED = INSTRUCTIONAL UNITS X AREA COST DIFFERENTIAL X \$60,000

STATE FOUNDATION AID = BASIC NEED - REQUIRED LOCAL EFFORT - 90% ELIGIBLE PL. 374

SCHOOL DISTRICT	FY88 PROJECTED ADM	EST. FY88 UNITS	AREA COST DIFF.	TOTAL ADJUSTED UNITS	FY88 PROJECTED BASIC NEED \$60,000	REQUIRED LOCAL EFFORT	DEDUCTIBLE PL874 ALL DIST.	FY88 PROPOSE STATE AID
ADAK	600	52.21	1.27	66.31	\$3,978,600		\$1,792,633	\$2,185,967
ALASKA GATEWAY	523	69.62	1.16	80.76	\$4,845,600		\$626,475	\$4,219,125
ALEUTIAN REGION	90	21.21	1.27	26.94	\$1,616,400		\$294,602	\$1,321,798
ANCHORAGE	38,874	3,072.29	1.00	3072.29	\$184,337,400	\$64,518,090	\$253,739	\$119,565,571
ANNETTE ISLAND	432	39.90	1.00	39.9	\$2,394,000		\$1,406,836	\$987,164
BERING STRAIT	1,264	183.92	1.34	246.45	\$14,787,000		\$4,199,309	\$10,588,291
BRISTOL BAY	216	25.75	1.27	32.7	\$1,962,000	\$406,164	\$250,914	\$1,297,522
CHATHAM	310	46.09	1.00	46.09	\$2,765,400		\$782,848	\$1,982,552
CHUGACH	139	24.58	1.11	27.28	\$1,636,800		\$182,156	\$1,454,644
COPPER RIVER	541	66.96	1.11	74.33	\$4,459,800		\$397,942	\$4,061,858
CORDOVA	430	39.52	1.11	43.87	\$2,632,200	\$495,929	\$13,925	\$2,122,346
CRAIG	239	24.75	1.00	24.75	\$1,485,000	\$149,219	\$24,325	\$1,311,456
DELTA GREELY	969	80.68	1.16	93.59	\$5,615,400		\$1,042,286	\$4,572,514
DILLINGHAM	469	42.54	1.27	54.03	\$3,241,800	\$430,063	\$298,915	\$2,512,222
FAIRBANKS	13,158	1,042.91	1.04	1084.63	\$65,077,800	\$18,907,656	\$0	\$46,170,144
GALENA	172	19.60	1.30	25.48	\$1,528,800	\$80,428	\$443,002	\$1,005,370
HAINES	370	37.52	1.05	39.4	\$2,364,000	\$390,486	\$34,060	\$1,939,454
HOONAH	239	25.77	1.05	27.06	\$1,623,600	\$116,950	\$190,808	\$1,315,842
HYDABURG	108	15.74	1.00	15.74	\$944,400	\$53,671	\$0	\$890,729
IDITAROD	348	57.91	1.30	75.28	\$4,516,800		\$849,587	\$3,667,213
JUNEAU	4,485	357.15	1.00	357.15	\$21,429,000	\$6,755,969	\$20,604	\$14,652,427
KAKE	188	22.90	1.00	22.9	\$1,374,000	\$48,754	\$267,522	\$1,057,724
KASHUNAMIUT	169	22.86	1.30	29.72	\$1,783,200		\$498,907	\$1,284,293
KENAI	8,414	744.08	1.00	744.08	\$44,644,800	\$15,621,367	\$112,951	\$28,910,482
KETCHIKAN	2,450	198.10	1.00	198.1	\$11,886,000	\$3,617,536	\$5,273	\$8,263,191
KING COVE	133	18.30	1.27	23.24	\$1,394,400	\$97,566	\$138,005	\$1,159,429
KLAWOCK	168	21.27	1.00	21.27	\$1,276,200	\$23,364	\$210,187	\$1,042,649
KODIAK	2,316	219.08	1.09	238.8	\$14,328,000	\$2,209,790	\$137,297	\$11,980,313
KUSPUK	361	58.80	1.30	76.44	\$4,586,400		\$1,212,998	\$3,373,402
LAKE & PENINSULA	369	71.40	1.27	90.68	\$5,440,800		\$1,036,848	\$4,403,352
LOWER KUSKOKWIM	2,521	341.73	1.38	471.59	\$28,295,400		\$5,930,988	\$22,363,812
LOWER YUKON	1,343	172.11	1.30	223.74	\$13,424,400		\$4,633,701	\$8,790,699
MAT-SU	8,950	714.16	1.00	714.16	\$42,849,600	\$10,867,024	\$18,221	\$31,964,355
NENANA	124	18.46	1.20	22.15	\$1,329,000	\$72,398	\$4,884	\$1,251,718
NOME	750	63.70	1.34	85.36	\$5,121,600	\$606,540	\$73,912	\$4,441,148
NORTH SLOPE	1,231	131.74	1.42	187.07	\$11,224,200	\$3,928,470	\$1,084,356	\$6,211,374
NORTHWEST ARCTIC	1,632	182.17	1.42	258.68	\$15,520,800	\$940,181	\$3,018,789	\$11,562,430
PELICAN	54	10.25	1.05	10.76	\$645,600	\$59,950	\$0	\$585,650
PETERSBURG	597	53.97	1.00	53.97	\$3,238,200	\$541,422	\$6,094	\$2,690,684
PRIBILOF	152	22.55	1.27	28.64	\$1,718,400		\$602,752	\$1,115,648
RAILBELT	361	46.27	1.20	55.52	\$3,331,200		\$0	\$3,331,200
SAND POINT	135	17.53	1.27	22.26	\$1,335,600	\$298,564	\$0	\$1,037,036
SITKA	1,581	131.51	1.00	131.51	\$7,890,600	\$1,764,700	\$78,605	\$6,047,295
SKAGWAY	136	17.07	1.05	17.92	\$1,075,200	\$236,146	\$0	\$839,054
SOUTHEAST ISLAND	435	77.33	1.00	77.33	\$4,639,800		\$764,212	\$3,875,588
SOUTHWEST REGION	504	84.09	1.27	106.79	\$6,407,400		\$1,645,217	\$4,762,783
ST. MARY'S	108	15.12	1.30	19.66	\$1,179,600	\$17,805	\$255,762	\$905,433
TANANA	88	13.33	1.30	17.33	\$1,039,800	\$47,021	\$186,392	\$806,387
UNALASKA	170	20.42	1.27	25.93	\$1,555,800	\$382,258	\$168,433	\$1,005,109
VALDEZ	758	84.73	1.11	94.05	\$5,643,000	\$1,975,050	\$10,065	\$3,657,885
WRANGELL	497	46.41	1.00	46.41	\$2,784,600	\$434,682	\$1,573	\$2,348,345
YAKUTAT	160	21.23	1.05	22.29	\$1,337,400	\$72,547	\$56,387	\$1,208,466
YUKON FLATS	373	64.09	1.42	91.01	\$5,460,600		\$703,867	\$4,756,133
YUKON-KOYUKUK	633	90.87	1.30	118.13	\$7,087,800		\$1,454,300	\$5,634,100
YUPIIT	294	47.10	1.30	61.23	\$3,673,800		\$1,043,126	\$2,630,674
TOTALS	102,131.0	9,211.35		9,962.75	\$597,765,000	\$136,167,760	\$38,474,590	\$423,121,450

NOTE: ANCHORAGE, NORTH SLOPE AND VALDEZ LOCAL EFFORT IS 35% OF BASIC NEED.
ALL OTHER LOCAL EFFORTS ARE BASED ON 4 MILLS.

15.5% Max.

No districts don't meet 4 mill eq-iv.

STATE OF ALASKA-DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 CALCULATIONS USE THE PROJECTED ADM AS PHONE SURVEY 2/18/87
 PREPARED 3/02/87 HB126/SB119

SCHOOL DISTRICT	FY88 PROJECTED ADM	K - 12	Bi/Bi	SPECIAL EDUCATION	VOC ED	TOTAL UNITS	AREA COST DIFF.	ADJUSTED UNITS
ADAK	600	45.51	1.00	4.83	1.00	52.34	1.27	66.47
ALASKA GATEWAY	523	62.14	1.00	5.54	1.00	69.68	1.16	80.83
ALEUTIAN REGION	90	18.93	0.00	1.00	1.00	20.93	1.27	26.58
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	1.00	41.01
BERING STRAIT	1251	156.81	11.69	12.74	2.19	183.43	1.34	245.79
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	1.00	45.76
CHUGACH	132	22.04	0.00	1.00	1.00	24.04	1.11	26.69
COPPER RIVER	561	63.77	1.00	5.71	1.00	71.48	1.11	79.35
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	1.00	23.44
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	1.05	26.73
HYDABURG	108	13.00	1.00	1.65	1.00	16.65	1.00	16.65
IDITAROD	392	56.24	1.00	3.97	1.00	62.21	1.30	80.88
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	1.00	22.24
KASHUNAMIUT	189	18.60	2.27	2.53	1.00	24.40	1.30	31.72
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
KLAWOCK	168	17.20	0.00	3.07	1.00	21.27	1.00	21.27
KODIAK	2319	192.25	1.93	29.55	2.35	226.08	1.09	246.43
KUSPUK	371	53.53	1.50	3.67	1.04	59.74	1.30	77.67
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.27	86.66
LOWER KUSKOKWIM	2682	288.96	54.95	28.21	3.06	375.18	1.38	517.75
LOWER YUKON	1343	148.81	6.80	17.98	2.46	176.05	1.30	228.86
MAT-SU	8940	639.69	1.10	65.40	9.83	716.02	1.00	716.02
NENANA	208	19.87	1.00	2.19	1.00	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	1.42	193.90
NORTHWEST ARCTIC	1637	166.49	7.14	15.23	1.73	190.59	1.42	270.63
PELICAN	54	8.25	0.00	1.00	1.00	10.25	1.05	10.76
PETERSBURG	597	45.80	1.00	6.17	1.00	53.97	1.00	53.97
PRIBILOF	152	19.44	1.00	2.05	1.00	23.49	1.27	29.83
RAILBELT	346	39.66	0.00	2.12	1.00	42.78	1.20	51.33
SAND POINT	135	15.00	0.00	1.53	1.00	17.53	1.27	22.26
SITKA	1637	113.77	1.00	17.59	1.62	133.98	1.00	133.98
SKAGWAY	136	15.07	0.00	1.00	1.00	17.07	1.05	17.92
SOUTHEAST ISLAND	435	72.42	0.00	3.16	1.00	76.58	1.00	76.58
SOUTHWEST REGION	491	67.47	9.08	3.66	1.00	81.21	1.27	103.13
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	760	57.47	0.00	26.32	1.06	84.85	1.11	94.18
WRANGELL	497	38.89	0.00	6.52	1.00	46.41	1.00	46.41
YAKUTAT	147	15.80	0.00	1.72	1.00	18.52	1.05	19.45
YUKON FLATS	390	58.76	1.00	4.22	1.00	64.98	1.42	92.27
YUKON-KOYUKUK	556	77.95	1.00	5.57	1.15	85.67	1.30	111.37
YUPIIT	281	35.32	6.61	2.58	1.00	45.51	1.30	59.16

TOTALS 102,205 7,936.54 186.80 1,024.85 134.76 9,282.95 10,056.54

Feb. 14, 1987

VOCATIONAL EDUCATION FUNDING

Weighting
Factor

.8

Category 4 contains three programs: Graphics, Secretarial & Word Processing and Construction Trades. Equipment, utilities, maintenance, student supplies and instructional materials make these the most costly vocational programs to operate.

.6

Category 3 contains nine programs: Agricultural Production, Welding, Industrial Education, Woodworking, Automobile Mechanics, Electrical Technician, Drafting, Fisheries and Diesel Engine Mechanics. The extra costs for these programs average 75% of Category 4 programs.

.4

Category 2 contains seven programs: Aircraft Mechanics, Communication Technologies, Commercial Photography, Agriculture Mechanics, Accounting & Related, Small Engine Mechanic and Automotive Body Repair. The extra costs for these programs average 50% of those programs in Category 4.

.2

Category 1 contains 16 programs: Health, Consumer & Homemaking, Horticulture, Commercial Art, Clothing & Textiles, General Marketing, Food Production, Renewable & Natural Resources, Forestry, Agriculture Services & Supplies, Transportation & Travel, Wildlife Management, Business Management, Child Care Management and Surveying. The extra costs for these programs average 25% of those programs in Category 4.

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

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 C&B PL874 LESS SP. ED.	C&B PL874 PERCENTAGE	DEDUCTIBLE PL874	65% BASIC NEED LESS DEDUC. PL874	FY88 PROPOSED STATE AID
ADAK	\$3,988,079	\$2,592,252	\$1,395,828		\$1,395,828	\$1,991,814	100.00%	\$1,792,633	\$799,619	\$2,195,447
ALASKA GATEWAY	\$4,849,867	\$3,152,414	\$1,697,454		\$1,697,454	\$696,083	100.00%	\$626,475	\$2,525,939	\$4,223,393
ALEUTIAN REGION	\$1,594,866	\$1,036,663	\$558,203		\$558,203	\$327,336	100.00%	\$294,602	\$742,061	\$1,300,264
ANCHORAGE	\$184,731,660	\$120,075,579	\$64,656,081	\$64,656,081	\$0	\$313,816	90.04%	\$254,290	\$119,821,289	\$119,821,289
ANNETTE ISLAND	\$2,460,600	\$1,599,390	\$861,210		\$861,210	\$1,563,151	100.00%	\$1,406,836	\$192,554	\$1,053,764
BERING STRAIT	\$14,747,611	\$9,585,947	\$5,161,664		\$5,161,664	\$4,665,899	100.00%	\$4,199,309	\$5,386,638	\$10,548,302
BRISTOL BAY	\$2,104,644	\$1,368,019	\$736,625	\$406,164	\$330,461	\$287,682	100.00%	\$258,914	\$1,109,105	\$1,439,566
CHATHAM	\$2,745,720	\$1,784,718	\$961,002		\$961,002	\$869,831	100.00%	\$782,848	\$1,001,870	\$1,962,872
CHUGACH	\$1,601,197	\$1,040,778	\$560,419		\$560,419	\$202,395	100.00%	\$182,156	\$858,622	\$1,419,041
COPPER RIVER	\$4,760,768	\$3,094,499	\$1,666,269		\$1,666,269	\$442,158	100.00%	\$397,942	\$2,696,557	\$4,362,826
CORDOVA	\$2,636,894	\$1,713,981	\$922,913	\$495,929	\$426,984	\$21,274	72.73%	\$13,925	\$1,700,056	\$2,127,040
CRAIG	\$1,406,600	\$914,160	\$492,240	\$149,219	\$343,021	\$27,028	100.00%	\$24,325	\$889,835	\$1,232,856
DELTA GREELY	\$5,883,904	\$3,824,590	\$2,059,394		\$2,059,394	\$1,158,096	100.00%	\$1,042,266	\$2,782,304	\$4,861,698
DILLINGHAM	\$3,266,465	\$2,123,203	\$1,143,263	\$430,063	\$713,200	\$332,128	100.00%	\$298,915	\$1,824,288	\$2,537,488
FAIRBANKS	\$65,413,858	\$42,519,007	\$22,894,850	\$18,907,656	\$3,987,194	\$0	72.73%	\$0	\$42,519,007	\$46,506,201
GALENA	\$1,529,346	\$994,075	\$535,271	\$80,428	\$454,843	\$539,956	91.16%	\$443,016	\$551,059	\$1,005,902
HAINES	\$2,388,834	\$1,552,742	\$836,092	\$390,486	\$445,606	\$38,911	97.26%	\$34,061	\$1,518,681	\$1,964,287
HOONAH	\$1,603,791	\$1,042,464	\$561,327	\$116,950	\$444,377	\$212,009	100.00%	\$190,808	\$851,656	\$1,296,033
HYDABURG	\$999,000	\$649,350	\$349,650	\$53,671	\$295,979	\$0	100.00%	\$0	\$649,350	\$945,329
IDITAROD	\$4,852,536	\$3,154,148	\$1,698,388		\$1,698,388	\$943,986	100.00%	\$849,587	\$2,304,561	\$4,002,949
JUNEAU	\$20,752,440	\$13,489,086	\$7,263,354	\$6,755,969	\$507,385	\$31,360	73.00%	\$20,603	\$13,468,483	\$13,975,868
KAKE	\$1,334,220	\$867,243	\$466,977	\$48,754	\$418,223	\$408,699	72.73%	\$267,515	\$599,728	\$1,017,951
KASHUNAMIUT	\$1,903,200	\$1,237,080	\$666,120		\$666,120	\$554,341	100.00%	\$498,907	\$738,173	\$1,404,293
KENAI	\$44,725,740	\$29,071,731	\$15,654,009	\$15,621,367	\$32,642	\$147,009	85.37%	\$112,953	\$28,958,778	\$28,991,420
KETCHIKAN	\$11,886,240	\$7,726,056	\$4,160,184	\$3,617,536	\$542,648	\$8,055	72.73%	\$5,272	\$7,720,784	\$8,263,432
KING COVE	\$1,394,993	\$906,746	\$488,248	\$97,566	\$390,682	\$153,339	100.00%	\$138,005	\$768,741	\$1,159,423
KLAMOCK	\$1,276,200	\$829,530	\$446,670	\$23,364	\$423,306	\$294,169	79.39%	\$210,197	\$619,333	\$1,042,639
KODIAK	\$14,785,800	\$9,610,770	\$5,175,030	\$2,209,790	\$2,965,240	\$152,552	100.00%	\$137,297	\$9,473,473	\$12,438,713
KUSPUK	\$4,659,954	\$3,028,970	\$1,630,984		\$1,630,984	\$1,347,775	100.00%	\$1,212,998	\$1,815,972	\$3,446,956
LAKE & PENINSULA	\$5,199,659	\$3,379,779	\$1,819,881		\$1,819,881	\$1,152,053	100.00%	\$1,036,848	\$2,342,931	\$4,162,812
LOWER KUSKOKWIM	\$1,065,000	\$20,192,250	\$10,872,750		\$10,872,750	\$6,589,987	100.00%	\$5,930,988	\$14,261,262	\$25,134,012
LOWER YUKON	\$13,731,744	\$8,925,634	\$4,806,110		\$4,806,110	\$5,148,557	100.00%	\$4,633,701	\$4,291,933	\$9,098,043
MAT-SU	\$42,961,380	\$27,924,897	\$15,036,483	\$10,867,024	\$4,169,459	\$27,837	72.73%	\$18,221	\$27,906,676	\$32,076,135
MEMANA	\$1,732,104	\$1,125,868	\$606,236	\$72,398	\$533,838	\$5,427	100.00%	\$4,884	\$1,120,984	\$1,654,822
NOME	\$5,167,388	\$3,358,802	\$1,808,506	\$606,540	\$1,202,066	\$82,124	100.00%	\$73,912	\$3,284,890	\$4,486,936
NORTH SLOPE	\$11,633,890	\$7,562,028	\$4,071,861	\$4,071,861	\$0	\$3,951,590	29.16%	\$1,037,126	\$6,524,902	\$6,524,902
NORTHWEST ARCTIC	\$16,238,012	\$10,554,708	\$5,683,304	\$940,181	\$4,743,123	\$3,354,210	100.00%	\$3,018,789	\$7,535,919	\$12,279,042
PELICAN	\$645,750	\$419,738	\$226,013	\$59,950	\$166,063	\$0	100.00%	\$0	\$419,738	\$585,801
PETERSBURG	\$3,238,260	\$2,104,869	\$1,133,391	\$541,422	\$591,969	\$8,508	79.58%	\$6,094	\$2,098,775	\$2,690,744
PRIBILOF	\$1,789,938	\$1,163,460	\$626,478		\$626,478	\$669,724	100.00%	\$602,752	\$560,708	\$1,187,186
RAILBELT	\$3,080,016	\$2,002,010	\$1,078,006		\$1,078,006	\$0	100.00%	\$0	\$2,002,010	\$3,080,016
SAND POINT	\$1,335,786	\$868,261	\$467,525	\$298,564	\$168,961	\$0	100.00%	\$0	\$868,261	\$1,037,222
SITKA	\$8,038,800	\$5,225,220	\$2,913,580	\$1,764,700	\$1,048,880	\$120,086	72.73%	\$78,601	\$5,146,619	\$6,195,499
SKAGWAY	\$1,075,221	\$698,894	\$376,327	\$236,166	\$140,181	\$0	100.00%	\$0	\$698,894	\$839,075
SOUTHEAST ISLAND	\$4,594,620	\$2,986,503	\$1,608,117		\$1,608,117	\$849,124	100.00%	\$764,212	\$2,222,291	\$3,830,408
SOUTHWEST REGION	\$6,187,973	\$4,022,183	\$2,185,791		\$2,185,791	\$1,828,019	100.00%	\$1,645,217	\$2,376,966	\$4,542,757
ST. MARY'S	\$1,360,554	\$884,360	\$476,194	\$17,805	\$458,389	\$390,733	72.73%	\$255,752	\$628,608	\$1,086,997
TANANA	\$1,105,026	\$718,267	\$386,759	\$47,021	\$339,738	\$230,575	89.82%	\$186,392	\$531,875	\$871,613
UNALASKA	\$1,556,233	\$1,011,551	\$544,681	\$382,258	\$162,423	\$187,148	100.00%	\$168,433	\$843,118	\$1,005,541
VALDEZ	\$5,651,077	\$3,673,200	\$1,977,377	\$1,977,877	\$0	\$25,301	44.27%	\$10,080	\$3,663,120	\$3,663,120
WRANGELL	\$2,784,420	\$1,809,873	\$974,547	\$434,682	\$539,865	\$2,289	76.37%	\$1,573	\$1,808,300	\$2,348,165
YAKUTAT	\$1,166,760	\$758,394	\$408,366	\$72,547	\$335,819	\$62,652	100.00%	\$56,387	\$702,007	\$1,037,826
YUKON FLATS	\$5,536,126	\$3,598,482	\$1,937,644		\$1,937,644	\$782,074	100.00%	\$703,867	\$2,894,615	\$4,832,259
YUKON-KOYUKUK	\$6,682,260	\$4,343,469	\$2,338,791		\$2,338,791	\$1,615,889	100.00%	\$1,454,300	\$2,889,169	\$5,227,960
YUPIIT	\$3,549,546	\$2,307,205	\$1,242,341		\$1,242,341	\$1,159,029	100.00%	\$1,043,126	\$1,264,079	\$2,506,420

TOTALS \$603,392,451 \$392,203,093 \$211,187,358 \$136,451,969 \$74,735,389 \$45,973,788 \$38,427,930 \$353,777,166 \$428,512,555

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
SB119/HB126 MARCH 2, 1987

A	B	E	I	K	L	M	N	O
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	\$3,988,079		\$1,792,633	\$2,195,447	\$60,000	\$0	\$26,970	\$33,030
ALASKA GATEWAY	\$4,849,867		\$626,475	\$4,223,393	\$60,000	\$0	\$7,750	\$52,250
ALEUTIAN REGION	\$1,594,866		\$294,602	\$1,300,264	\$60,000	\$0	\$11,083	\$48,917
ANCHORAGE	\$184,731,660	\$64,656,081	\$254,290	\$119,821,289	\$60,000	\$21,000	\$83	\$38,917
ANNETTE ISLAND	\$2,460,600		\$1,406,836	\$1,053,764	\$60,000	\$0	\$34,305	\$25,695
BERING STRAIT	\$14,747,611		\$4,199,309	\$10,548,302	\$60,000	\$0	\$17,085	\$42,915
BRISTOL BAY	\$2,104,644	\$406,164	\$258,914	\$1,439,566	\$60,000	\$11,579	\$7,381	\$41,040
CHATHAM	\$2,745,720		\$782,848	\$1,962,872	\$60,000	\$0	\$17,107	\$42,893
CHUGACH	\$1,601,197		\$182,156	\$1,419,041	\$60,000	\$0	\$6,826	\$53,174
COPPER RIVER	\$4,760,768		\$397,942	\$4,362,826	\$60,000	\$0	\$5,015	\$54,985
CORDOVA	\$2,636,894	\$495,929	\$13,925	\$2,127,040	\$60,000	\$11,284	\$317	\$48,399
CRAIG	\$1,406,400	\$169,219	\$24,325	\$1,232,856	\$60,000	\$6,366	\$1,038	\$52,596
DELTA GREELY	\$5,883,984		\$1,042,286	\$4,841,698	\$60,000	\$0	\$10,628	\$49,372
DILLINGHAM	\$3,266,465	\$430,063	\$298,915	\$2,537,488	\$60,000	\$7,900	\$5,491	\$46,610
FAIRBANKS	\$65,413,858	\$18,907,656	\$0	\$46,506,201	\$60,000	\$17,343	\$0	\$42,657
GALENA	\$1,529,346	\$80,428	\$443,016	\$1,005,902	\$60,000	\$3,155	\$17,381	\$39,464
HAINES	\$2,388,834	\$390,486	\$34,061	\$1,964,287	\$60,000	\$9,808	\$856	\$49,337
HOONAH	\$1,603,791	\$116,950	\$190,808	\$1,296,033	\$60,000	\$4,375	\$7,138	\$48,486
HYDABURG	\$999,000	\$53,671	\$0	\$945,329	\$60,000	\$3,223	\$0	\$56,777
IDITAROD	\$6,852,536		\$849,587	\$4,002,949	\$60,000	\$0	\$10,505	\$49,495
JUNEAU	\$20,752,440	\$6,755,969	\$20,603	\$13,975,868	\$60,000	\$19,533	\$60	\$40,407
KAKE	\$1,334,220	\$48,754	\$267,515	\$1,017,951	\$60,000	\$2,192	\$12,030	\$45,777
KASHUNAHUOT	\$1,903,200		\$498,907	\$1,404,293	\$60,000	\$0	\$15,728	\$44,272
KENAI	\$44,725,740	\$15,621,367	\$112,953	\$28,991,420	\$60,000	\$20,956	\$152	\$38,892
KETCHIKAN	\$11,886,240	\$3,617,536	\$5,272	\$8,263,432	\$60,000	\$18,261	\$27	\$41,713
KING COVE	\$1,394,993	\$97,566	\$138,005	\$1,159,423	\$60,000	\$4,196	\$5,936	\$49,868
KLAWOCK	\$1,276,200	\$23,364	\$210,197	\$1,042,639	\$60,000	\$1,098	\$9,882	\$49,019
KODIAK	\$14,785,800	\$2,209,790	\$137,297	\$12,438,713	\$60,000	\$8,967	\$557	\$50,476
KUSLUK	\$4,659,954		\$1,212,998	\$3,446,956	\$60,000	\$0	\$15,618	\$44,382
LAKE & PENINSULA	\$5,199,659		\$1,036,848	\$4,162,811	\$60,000	\$0	\$11,964	\$48,036
LOWER KUSKOKWIM	\$31,065,000		\$5,930,988	\$25,134,012	\$60,000	\$0	\$11,455	\$48,545
LOWER YUKON	\$13,731,744		\$4,633,701	\$9,098,043	\$60,000	\$0	\$20,247	\$39,753
MAT-SU	\$42,961,380	\$10,867,024	\$18,221	\$32,076,135	\$60,000	\$15,177	\$25	\$44,798
NENANA	\$1,732,104	\$72,398	\$4,884	\$1,654,822	\$60,000	\$2,508	\$169	\$57,323
NOME	\$5,167,388	\$606,560	\$73,912	\$4,486,936	\$60,000	\$7,043	\$858	\$52,099
NORTH SLOPE	\$11,633,890	\$4,071,861	\$1,037,126	\$6,524,902	\$60,000	\$21,000	\$5,349	\$33,651
NORTHWEST ARCTIC	\$16,238,012	\$940,181	\$3,018,789	\$12,279,042	\$60,000	\$3,474	\$11,155	\$45,371
PELICAN	\$645,750	\$59,950	\$0	\$585,801	\$60,000	\$5,570	\$0	\$54,430
PETERSBURG	\$3,238,260	\$541,422	\$6,094	\$2,690,744	\$60,000	\$10,032	\$113	\$49,855
PRIBILOF	\$1,789,938		\$602,752	\$1,187,186	\$60,000	\$0	\$20,205	\$39,795
RAILBELT	\$3,080,016		\$0	\$3,080,016	\$60,000	\$0	\$0	\$60,000
SAND POINT	\$1,335,786	\$298,564	\$0	\$1,037,222	\$60,000	\$13,411	\$0	\$46,589
SITKA	\$8,038,800	\$1,764,700	\$78,601	\$6,195,499	\$60,000	\$13,171	\$587	\$46,242
SKAGWAY	\$1,075,221	\$236,146	\$0	\$839,075	\$60,000	\$13,178	\$0	\$46,822
SOUTHEAST ISLAND	\$4,594,620		\$764,212	\$3,830,408	\$60,000	\$0	\$9,980	\$50,020
SOUTHWEST REGION	\$6,187,973		\$1,645,217	\$4,542,757	\$60,000	\$0	\$15,952	\$44,048
ST. MARY'S	\$1,360,554	\$17,805	\$255,752	\$1,094,797	\$60,000	\$785	\$11,279	\$47,936
TANANA	\$1,105,026	\$47,021	\$186,392	\$871,613	\$60,000	\$2,553	\$10,121	\$47,326
UNALASKA	\$1,556,233	\$382,258	\$168,433	\$1,005,541	\$60,000	\$14,738	\$6,494	\$38,768
VALDEZ	\$5,101,077	\$1,977,877	\$10,080	\$3,663,120	\$60,000	\$21,000	\$107	\$38,893
WRANGELL	\$1,442,000	\$434,682	\$1,573	\$2,348,165	\$60,000	\$9,367	\$34	\$50,599
YAKUTAT	\$1,007,760	\$72,547	\$56,387	\$1,037,826	\$60,000	\$3,731	\$2,900	\$53,370
YUKON FLATS	\$5,536,126		\$703,867	\$4,832,259	\$60,000	\$0	\$7,628	\$52,372
YUKON-KOYUKUK	\$6,682,260		\$1,454,300	\$5,227,960	\$60,000	\$0	\$13,058	\$46,942
YUPIIT	\$3,549,546		\$1,043,126	\$2,506,420	\$60,000	\$0	\$17,633	\$42,367
TOTALS	\$603,392,451	\$136,451,969	\$38,427,930	\$428,512,555				

	A	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK
SCHOOL DISTRICT	FY87 ADM 1ST COUNT	FY88 PROJECTED ADM	FY87 TOTAL REV. FOR 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	601.9	600	\$3,791,473	105.5	\$3,401,554	(\$586,525)	\$1,998,840	110.2	\$1,793,277	(\$402,170)		
ALASKA GATEWAY	511.4	523	\$4,260,730	111.3	\$3,921,638	(\$928,229)	\$3,634,255	113.6	\$3,345,021	(\$878,371)		
ALEUTIAN REGION	90.6	90	\$1,537,900	104.4	\$1,374,944	(\$219,922)	\$1,243,298	105.3	\$1,111,558	(\$188,706)		
ANCHORAGE	39748.1	38874	\$181,582,158	104.0	\$159,830,088	(\$24,901,572)	\$116,671,808	105.0	\$102,695,472	(\$17,125,817)		
ANNETTE ISLAND	416.3	432	\$2,852,887	83.1	\$2,664,431	\$203,831	\$1,446,051	70.2	\$1,350,528	\$296,764	\$203,831	
BERING STRAIT	1225.6	1251	\$14,516,767	99.5	\$13,335,858	(\$1,411,753)	\$10,317,458	100.2	\$9,478,154	(\$1,070,148)		
BRISTOL BAY	218.8	231	\$2,213,217	90.1	\$2,102,961	(\$1,683)	\$1,851,771	73.6	\$1,759,521	\$319,955		
CHATHAM	351.6	310	\$2,886,890	107.9	\$2,290,792	(\$454,928)	\$2,104,142	105.8	\$1,669,590	(\$293,282)		
CHUGACH	130.4	132	\$1,425,454	111.0	\$1,298,650	(\$302,547)	\$1,243,298	112.8	\$1,132,698	(\$286,343)		
COPPER RIVER	560.7	561	\$3,932,733	121.0	\$3,541,353	(\$1,219,414)	\$3,534,791	123.4	\$3,183,014	(\$1,179,812)		
CORDOVA	432.3	431	\$2,550,516	103.7	\$2,288,562	(\$348,332)	\$2,040,662	104.5	\$1,831,073	(\$295,967)		
CRAIG	216.8	219	\$1,463,434	95.1	\$1,330,456	(\$75,944)	\$1,410,374	86.5	\$1,282,217	\$49,361		
DELTA GREELY	1018.7	1027	\$5,089,698	114.7	\$4,618,050	(\$1,265,934)	\$4,047,412	118.7	\$3,672,350	(\$1,169,348)		
DILLINGHAM	461.5	469	\$3,895,235	82.5	\$3,562,684	\$296,219	\$3,401,320	73.4	\$3,110,936	\$573,449	\$296,219	
FAIRBANKS	12895	13158	\$62,210,699	103.0	\$57,131,566	(\$8,282,292)	\$43,303,043	105.3	\$39,767,607	(\$6,738,594)		
GALENA	166.6	172	\$1,937,616	76.5	\$1,800,378	\$271,032	\$1,414,172	68.9	\$1,314,009	\$308,106	\$271,032	
HAINES	351.8	360	\$2,367,048	98.6	\$2,179,999	(\$208,835)	\$1,942,501	98.8	\$1,789,000	(\$175,287)		
HOONAH	240	235	\$1,733,117	94.5	\$1,527,309	(\$76,482)	\$1,447,534	91.4	\$1,275,639	(\$20,394)		
HYDABURG	107	108	\$832,255	118.9	\$756,030	(\$242,970)	\$830,055	112.8	\$754,031	(\$191,298)		
ITITAROD	392.8	392	\$5,394,318	90.1	\$4,844,998	(\$7,538)	\$4,544,731	88.3	\$4,081,927	\$78,979		
JUNEAU	4609.1	4244	\$21,464,693	105.0	\$17,787,972	(\$2,964,468)	\$14,688,121	103.3	\$12,172,170	(\$1,803,698)		
KAKE	194	178	\$1,640,203	88.7	\$1,354,436	\$20,216	\$1,323,934	83.8	\$1,093,269	\$75,318	\$20,216	
KASHUNAMIUT	165.5	189	\$1,837,843	90.7	\$1,888,925	(\$14,275)	\$1,338,936	91.8	\$1,376,151	(\$28,142)		
KENAI	8178.3	8414	\$45,259,492	96.1	\$41,907,490	(\$2,818,250)	\$29,525,172	95.4	\$27,338,483	(\$1,652,937)		
KETCHIKAN	2473.8	2450	\$11,104,190	108.1	\$9,897,623	(\$1,988,617)	\$7,481,382	111.5	\$6,668,464	(\$1,594,968)		
KING COVE	132.7	133	\$1,318,021	105.6	\$1,188,901	(\$206,093)	\$1,167,016	99.1	\$1,052,689	(\$106,734)		
KLAMOCK	160.2	168	\$1,305,758	93.2	\$1,232,401	(\$43,799)	\$1,072,197	92.7	\$1,011,961	(\$30,678)		
KODIAK	2252.9	2319	\$13,495,005	106.4	\$12,501,853	(\$2,283,947)	\$11,164,112	108.2	\$10,342,500	(\$2,096,213)		
KUSPUK	350.3	371	\$5,069,133	86.8	\$4,831,811	\$171,857	\$3,856,135	84.4	\$3,675,602	\$228,646	\$171,857	
LAKE & PENINSULA	354.8	369	\$5,418,994	92.3	\$5,072,288	(\$127,371)	\$4,382,146	91.3	\$4,101,778	(\$61,034)		
LOWER KUSKOKWIM	2606	2682	\$27,218,156	110.9	\$25,210,739	(\$5,854,261)	\$21,287,168	114.7	\$19,717,178	(\$5,416,834)		
LOWER YUKON	1315.5	1343	\$12,208,253	110.2	\$11,217,115	(\$2,514,629)	\$7,574,552	117.7	\$6,959,605	(\$2,138,438)		
MAT-SU	8667.9	8940	\$38,234,742	108.9	\$35,491,496	(\$7,469,884)	\$27,349,497	113.7	\$25,387,239	(\$6,588,896)		
NENANA	123	208	\$1,168,545	87.7	\$1,778,468	\$46,364	\$1,115,660	87.7	\$1,697,980	\$43,158	\$43,158	
NOME	782.1	759	\$5,421,632	98.2	\$4,735,349	(\$432,039)	\$5,048,065	91.6	\$4,409,069	(\$77,867)		
NORTH SLOPE	1151.5	1231	\$13,226,326	82.3	\$12,725,529	\$1,091,639	\$8,117,300	75.2	\$7,809,949	\$1,285,047	\$1,091,639	
NORTHWEST ARCTIC	1547.4	1637	\$14,139,204	108.6	\$13,462,123	(\$2,775,889)	\$10,910,415	106.4	\$10,387,950	(\$1,891,092)		
PELICAN	54.5	54	\$563,349	115.7	\$502,363	(\$143,387)	\$539,223	109.6	\$480,848	(\$104,952)		
PETERSBURG	601	597	\$3,099,546	105.2	\$2,771,025	(\$467,235)	\$2,552,030	106.1	\$2,281,540	(\$409,204)		
PRIBILOF	155.6	152	\$1,446,282	126.7	\$1,271,538	(\$518,400)	\$843,530	144.1	\$741,612	(\$445,574)		
RAILBELT	366	346	\$3,280,393	99.3	\$2,791,023	(\$288,993)	\$3,280,393	99.3	\$2,791,023	(\$288,993)		
SAND POINT	118.5	135	\$958,985	122.3	\$983,263	(\$352,523)	\$853,476	106.7	\$875,083	(\$162,139)		
SITKA	1590	1637	\$7,325,141	106.6	\$6,787,503	(\$1,251,297)	\$5,481,840	109.8	\$5,079,494	(\$1,116,005)		
SKAGWAY	137	136	\$699,305	154.9	\$624,781	(\$450,440)	\$628,305	134.5	\$561,347	(\$277,728)		
SOUTHEAST ISLAND	416.4	435	\$4,399,997	100.0	\$4,136,885	(\$457,735)	\$3,635,785	100.8	\$3,418,371	(\$412,037)		
SOUTHWEST REGION	473.2	491	\$5,662,025	105.3	\$5,287,508	(\$900,465)	\$4,016,808	109.0	\$3,751,115	(\$791,642)		
ST. MARY'S	95.6	125	\$1,578,722	65.9	\$1,857,806	\$497,252	\$1,305,165	63.7	\$1,535,890	\$448,893	\$448,893	
TANANA	81	86	\$1,243,334	83.7	\$1,188,075	\$83,049	\$1,009,921	81.3	\$965,036	\$93,423	\$83,049	
UNALASKA	147	170	\$1,359,133	99.0	\$1,414,608	(\$141,625)	\$1,068,700	81.4	\$1,112,320	\$106,779		
VALDEZ	755.6	760	\$5,529,786	101.6	\$5,005,788	(\$645,288)	\$3,541,926	102.8	\$3,206,296	(\$456,824)		
WRANGELL	493.7	497	\$2,546,513	108.6	\$2,307,181	(\$477,239)	\$2,110,258	110.5	\$1,911,927	(\$436,238)		
YAKUTAT	157.5	147	\$1,248,635	100.1	\$1,048,853	(\$117,907)	\$1,136,971	97.8	\$955,056	(\$82,770)		
YUKON FLATS	373	390	\$5,311,719	99.7	\$4,998,427	(\$537,698)	\$4,607,852	100.3	\$4,336,075	(\$496,184)		
YUKON-KOYUKUK	612.9	556	\$7,192,547	102.4	\$5,872,370	(\$809,890)	\$5,738,297	100.4	\$4,685,012	(\$542,948)		
YUPIIT	295.4	281	\$4,440,198	84.0	\$3,801,375	\$251,829	\$3,397,072	77.6	\$2,908,326	\$401,906	\$251,829	
TOTALS	102,126.8	102,205	\$583,889,995		\$528,737,191		\$411,576,776		\$373,196,035		\$2,881,725	

A	P	Q	E	S	T	U	V
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							
ALASKA GATEWAY							
ALEUTIAN REGION							
ANCHORAGE	\$64,656,060	\$71,812,314	\$64,656,081	\$19,343,356,800	6,283	9,424	12,565
ANNETTE ISLAND					0	0	0
BERING STRAIT					0	0	0
BRISTOL BAY	\$102,532	\$406,164	\$406,164	\$101,541,000	2,895	4,342	5,790
CHATHAM					0	0	0
CHUGACH					0	0	0
COPPER RIVER					0	0	0
CORDOVA	\$495,929	\$681,903	\$495,929	\$123,982,300	2,821	4,232	5,642
CRAIG	\$28,735	\$149,219	\$149,219	\$37,304,700	1,591	2,387	3,183
DELTA GREELY					0	0	0
DILLINGHAM	\$195,000	\$430,063	\$430,063	\$107,515,700	1,975	2,962	3,950
FAIRBANKS	\$18,907,656	\$25,998,026	\$18,907,656	\$4,726,913,900	4,336	6,504	8,671
GALENA	\$80,428	\$88,224	\$80,428	\$20,106,900	789	1,183	1,578
HAINES	\$390,486	\$401,474	\$390,486	\$97,621,600	2,452	3,678	4,904
HOONAH	\$94,775	\$116,950	\$116,950	\$29,237,500	1,094	1,641	2,188
HYDABURG	\$2,200	\$53,671	\$53,671	\$13,417,800	806	1,209	1,612
IDITAROD					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	\$67,036	\$48,754	\$12,188,400	548	822	1,096
KASHUNAMIUT					0	0	0
KENAI	\$15,621,367	\$18,298,125	\$15,621,367	\$3,905,341,700	5,239	7,859	10,478
KETCHIKAN	\$3,617,536	\$4,974,113	\$3,617,536	\$904,384,100	4,565	6,848	9,130
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	275	412	549
KODIAK	\$2,193,596	\$2,209,790	\$2,209,790	\$552,447,400	2,242	3,363	4,484
KUSPUK					0	0	0
LAKE & PENINSULA					0	0	0
LOWER KUSKOKWIM					0	0	0
LOWER YUKON					0	0	0
MAT-SU	\$10,867,024	\$14,942,157	\$10,867,024	\$2,716,755,900	3,794	5,691	7,588
NENANA	\$48,001	\$72,398	\$72,398	\$18,099,500	627	940	1,254
NOME	\$299,655	\$606,540	\$606,540	\$151,635,000	1,761	2,641	3,521
NORTH SLOPE	\$4,071,900	\$13,962,700	\$4,071,861	\$13,570,786,300	69,989	104,984	139,978
NORTHWEST ARCTIC	\$210,000	\$940,181	\$940,181	\$235,045,250	869	1,303	1,737
PELICAN	\$24,126	\$59,950	\$59,950	\$14,987,400	1,393	2,089	2,785
PETERSBURG	\$541,422	\$680,323	\$541,422	\$135,355,400	2,508	3,762	5,016
PRIBILOF					0	0	0
RAILBELT					0	0	0
SAND POINT	\$105,509	\$298,564	\$298,564	\$74,641,100	3,353	5,029	6,705
SITKA	\$1,764,700	\$2,426,453	\$1,764,700	\$441,175,000	3,293	4,939	6,586
SKAGWAY	\$71,000	\$236,146	\$236,146	\$59,036,600	3,294	4,942	6,589
SOUTHEAST ISLAND					0	0	0
SOUTHWEST REGION					0	0	0
ST. MARY'S	\$17,805	\$24,482	\$17,805	\$4,451,200	136	294	393
TANANA	\$47,021	\$52,350	\$47,021	\$11,755,200	638	957	1,277
UNALASKA	\$122,000	\$382,258	\$382,258	\$95,564,500	3,684	5,527	7,369
VALDEZ	\$1,977,780	\$4,468,037	\$1,977,877	\$1,693,326,700	17,979	26,968	35,958
WRANGELL	\$434,682	\$569,192	\$434,682	\$108,670,500	2,342	3,513	4,683
YAKUTAT	\$55,277	\$72,547	\$72,547	\$18,136,700	933	1,399	1,865
YUKON FLATS					0	0	0
YUKON-KOYUKUK					0	0	0
YUPIIT							
TOTALS	\$133,885,289	\$174,863,486	\$136,451,969	\$51,044,006,850			

BILL NO: SB 32

DATE: 1/21/87

TITLE: "An Act relating to marijuana; CONTACT: Maj. Walter J. Gilmour
and providing for an effective Acting Director
date.

The Division of Alaska State Troopers is neutral on this legislation.

Many individuals and groups in Alaska feel that the use of marijuana is harmful to public health and welfare. The purpose of this legislation is to recriminalize the possession of any amount of marijuana.

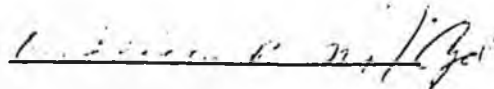
Presently the state law allows up to four ounces of marijuana for personal use. This is in direct conflict with the existing Federal law. This in effect encourages the violation of Federal law.

The existing conflict of Federal and State law is confusing in the mind of the public. The public expects consistency rather than diversity in the law. Such diversity tends to breed disrespect for the law in general, especially upon the impressionable minds of our youth.

Alaska's lenient attitude toward marijuana in effect creates a legal market for a substance that is illegally grown in other states.

Alaska's legalization of small amounts of marijuana directly contravenes the terms of the Single Narcotics Convention, the international treaty which outlaws marijuana and other controlled substances. The United States is one of numerous countries which are signators to the convention.

Recriminalizing marijuana would not, as some fear, result in wholesale arrest of individuals possessing small amounts of marijuana. The present drug enforcement philosophy of source interdiction recognizes the far greater cost-effectiveness of striking against high-level distributors, and sadly, there is no lack of high-level drug dealers in Alaska to occupy the enforcement efforts of narcotics officers.



William R. Nix
Acting Commissioner

DEPARTMENT OF
PUBLIC SAFETY
POSTOFFICE

Alaska State Legislature

SENATOR PAUL FISCHER, Chairman
SENATOR JOE JOSEPHSON, Vice Chairman
SENATOR LLOYD JONES
SENATOR JAY KERTULLA
SENATOR RICK HALFORD



P. O. BOX V
ROOM 508
STATE CAPITOL
(907) 455-3762

Senate Committee on Health, Education and Social Services

LETTER OF INTENT FOR SB-119

CONCERNING HERMON HUTCHENS SPECIAL SCHOOL

Under AS 14.17.045 SPECIAL EDUCATION INSTRUCTIONAL UNITS, it is our intent that an adequate amount be allocated from the monies appropriated for the statewide operations of schools to continue funding of the Hermon Hutchens special education program. This amount would be available to the State Department of Education to be applied to the school for the handicapped budget under the terms and conditions of a grant agreement to the Valdez City School District for the operation of the education program provided to the students of Hermon Hutchens Special School.