

SB

45

SCHOOL FOUNDATION BILL
WITH EXHIBITS

SB-45

SCHOOL FOUNDATION BILL

1. Sponsor Substitute for Senate Bill 45, An Act creating a public school foundation program:
2. Section by Section Analysis
 - Exhibit A - Analysis of Assessed Valuations and Fiscal Capacities of City and Borough School Districts
 - Exhibit B - District and REAA PL 81-874 Revenues
 - Exhibit C - Pupil-Teacher and Pupil-Administrator Ratios in Alaska Schools
 - Exhibit D - Alaska School District Teacher Salaries Compared to Anchorage School District Salaries
 - Exhibit E - Comparison of School District Teacher Salaries By Geographic Area with Anchorage Salaries and with Cost of Living Differentials
 - Exhibit F - Ranked Analysis of District Estimated Expenditures by Function-Operations and Maintenance (O & M)
3. An Analysis of Public School Finance Legislation in Alaska: 1958 - 1987
 - Exhibit A - City / Borough Fiscal Capacity and Fiscal Effort
 - Exhibit B - School Funding Formula Proposed by Alaska Department of Education Staff in 1984
 - Exhibit C - Instructional Units Allotments Assigned By Ch 75, Sla 1986 to City and Borough School Districts and to REAA's
 - Exhibit D - Alaska School District Expenditures and Allocations of State Monies
 - Exhibit E - Comparisons of salaries paid school teachers in Alaska school districts
 - Exhibit F - Alaska Geographic Differential Study - 1985.
 - Exhibit G - Description of State of Washington's Public School Funding Efforts
 - Exhibit H - Excerpts from U.S. Department of Education Ranking of States in Education - Western States

Introduced: 1/20/87
Referred: Health, Education and
Social Services and
Finance

5-0324B

1 IN THE SENATE

BY KERTTULA AND FISCHER

2

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 45

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 state support for education; and
7 providing for an effective date."

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

9 * Section 1. AS 14.17.21 is repealed and reenacted to read:

10 Sec. 14.17.021. BASIC STATE AID. (a) The amount of basic state
11 aid for which each school district is eligible is calculated by deter-
12 mining the basic need for the school district under (b) of this
13 section and subtracting

14 (1) for city and borough school districts, the amount in
15 excess of \$100,000 that would be generated by a five-mill levy on the
16 full and true value of taxable real and personal property in the
17 district, as determined under AS 14.17.140, for the preceding fiscal
18 year; and

19 (2) 100 percent of the entitlement of the district to
20 federal financial assistance under PL 81-874, as amended (20 U.S.C.
21 236-244), for the preceding fiscal year.

22 (b) The amount of basic need for each school district is cal-
23 culated by adding the requirements for salary costs, as determined
24 under (c) of this section, and nonsalary costs, as determined under
25 AS 14.17.032.

26 (c) Salary costs are the total of

27 (1) teacher salaries, as calculated under AS 14.17.028(a);
28 (2) superintendent's salary, as calculated under AS 14.17.-
29 028(b);

1 (3) administrator salaries, as calculated under AS 14.17.-
2 028(c);

3 (4) benefits and employer burden for certificated p on-
4 nel, calculated at 20 percent of total salaries;

5 (5) salaries of classified employees, as calculated under
6 AS 14.17.028(d); and

7 (6) benefits and employer burden for classified employees,
8 calculated at 30 percent of total salaries.

9 (d) The salaries and numbers of employees calculated under
10 AS 14.17.024 - 14.17.029 and the nonsalary costs calculated under
11 AS 14.17.032 are for determining basic need under this section and are
12 not intended to restrict the actual salary and nonsalary costs in-
13 curred or the number of employees hired by a school district.

14 * Sec. 2. AS 14.17 is amended by adding new sections to read:

15 Sec. 14.17.024 CALCULATION OF NUMBER OF TEACHERS. (a) For
16 determining teacher salaries, each district is entitled to the follow-
17 ing number of teachers per attendance center:

18	ADM Of Attendance Center	Allowable No. Of Teachers
19	1 - 8	1
20	9 - 16	2
21	17 - 30	3
22	31 - 45	4
23	46 - 106	4 plus 1 for each 12 ADM over
24		45, and a fraction of 1 for an
25		increment of less than 12 ADM
26	107 - 200	9 plus 1 for each 14 ADM over
27		106, and a fraction of 1 for
28		an increment of less than 14
29		ADM

1 201 and over 16 plus 1 for each 20 ADM over
2 200, and a fraction of 1 for
3 an increment of less than 20
4 ADM

5 (b) Correspondence school pupils in a district shall be con-
6 sidered as attending a separate attendance center.

7 (c) Additional teachers are allocated for pupils enrolled in
8 special education, gifted and talented, and bilingual programs as
9 follows:

10 (1) special education resource services - one teacher for
11 every six ADM and a fraction of one for an increment of less than six;

12 (2) special education self-contained - one teacher for
13 every 10 ADM and a fraction of one for an increment of less than 10;

14 (3) special education intensive - one teacher for every six
15 ADM and a fraction of one for an increment of less than six;

16 (4) gifted and talented - one teacher for every 20 ADM and
17 a fraction of one for an increment of less than 20;

18 (5) bilingual - one teacher for every 20 ADM and a fraction
19 of one for an increment of less than 20.

20 Sec. 14.17.025. CALCULATION OF NUMBER OF ADMINISTRATORS. (a)
21 For determining administrator salaries, each school district is enti-
22 tled to calculate one superintendent plus district headquarters admin-
23 istrators, principals, and vice-principals, as provided in this sec-
24 tion.

25 (b) Each district is entitled to the following number of dis-
26 trict headquarters administrators, excluding the superintendent:

27 Total District ADM	Number Of Administrators
28 100 or less	0
29 101 - 300	1 for the first 101 ADM and a

1		fraction of 1 for an increment
2		of less than 200 ADM
3	301 - 600	2 for the first 301 ADM and a
4		fraction of 1 for an increment
5		of less than 300 ADM
6	601 - 2800	3 for the first 601 ADM and a
7		fraction of 1 for an increment
8		of less than 2200 ADM
9	2801 - 6000	4 for the first 2801 ADM and a
10		fraction of 1 for an increment
11		of less than 3200 ADM
12	Over 6000	5 for the first 6000 ADM and 1
13		for each increment of 5000 ADM
14		over 6000 ADM and a fraction
15		of 1 for an increment of less
16		than 5000 ADM

17 (c) Each district is entitled to the following number of prin-
 18 cipals per attendance center:

19	ADM Of Attendance Center	Number Of Principals
20	Less than 17	0
21	17 - 30	.5
22	31 or more	1

23 (d) Each district is entitled to one vice-principal for each
 24 attendance center having one or more buildings with 24 or more class-
 25 rooms in use as regular classrooms with teachers assigned to any of
 26 the grades between K - 12.

27 Sec. 14.17.026. CALCULATION OF NUMBER OF CLASSIFIED EMPLOYEES.
 28 Each school district is entitled to two classified employees for every
 29 three certificated employees, as determined under AS 14.17.024 and

1 14.17.025.

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

3 Sec. 14.17.028. SALARIES. (a) To calculate teacher salaries,
4 the following training and experience ratio schedule shall be used;
5 the basic unit of 1.00 is equivalent to \$26,078:

6	Years Of						
7	Exper.	BA-0	MID BA	MA-0	MA-18	MA-36	MA-54
8	0 - 1	1.00	1.05	1.15	1.20	1.25	1.30
9	2 - 4	1.10	1.15	1.25	1.30	1.35	1.40
10	5 - 7	1.25	1.30	1.40	1.45	1.50	1.55
11	8 - 9	1.35	1.40	1.50	1.55	1.60	1.65
12	10 - 11		1.50	1.60	1.65	1.70	1.75
13	12 - 14			1.65	1.70	1.75	1.80
14	15 or more			1.75	1.80	1.85	2.00

15 (b) Superintendent salaries are 1.40 times the teacher salary
16 set out in (a) of this section for districts with less than 1000 ADM
17 and 1.60 times the teacher salary set out in (a) of this section for
18 districts with 1000 or more ADM.

19 (c) Salaries of principals and of district headquarters adminis-
20 trators other than the superintendent are 1.30 times the teacher
21 salary set out in (a) of this section. The salary of a vice-principal
22 is 1.15 times the teacher salary set out in (a) of this section.

23 (d) Classified employee salaries are \$23,000 per employee.

24 Sec. 14.17.029. AREA SALARY DIFFERENTIALS. Salaries under
25 AS 14.17.028 shall be adjusted according to the following area differ-
26 ential multipliers:

27 (1) for Anchorage School District, Kenai Peninsula Borough
28 School District, and Matanuska-Susitna Borough School District, 1;

29 (2) for Haines Borough School District, City and Borough of

1 Juneau School District, Ketchikan Gateway Borough School District,
2 Petersburg City School District, Skagway City School District,
3 Wrangell City School District, and Chatham School District, 1.06;

4 (3) for Alaska Gateway School District, Annette Island
5 School District, Craig City School District, Hydaburg City School
6 District, Kake City School District, Klawock City School District,
7 Pelican City School District, Southeast Island School District, Hoonah
8 City School District, Yakutat City School District, Chugach School
9 District, Cordova City School District, Kodiak Island School District,
10 Valdez City School District, Copper River School District, Delta
11 School District, Tanana School District, North Star Borough School
12 District, Nenana City School District, and Upper Railbelt Regional
13 School District, 1.12;

14 (4) for Adak Regional School District, Bristol Bay Borough
15 School District, Dillingham City School District, King Cove City
16 School District, Lake and Peninsula School District, Nome City School
17 District, Pribilof Islands School District, Sand Point City School
18 District, Southwest Regional School District, and Unalaska City School
19 District, 1.2;

20 (5) for Bering Strait School District, Galena City School
21 District, Iditarod Area School District, Kashunamiut School District,
22 Kuspuk School District, Lower Kuskokwim School District, Lower Yukon
23 School District, Northwest Arctic School District, St. Mary's City
24 School District, Yukon Flats School District, Yukon-Koyukuk School
25 District, and Yupiit School District, 1.24;

26 (6) for North Slope Borough School District and Aleutian
27 Chain School District, 1.4.

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

29 Sec. 14.17.032. NONSALARY COSTS. Each school district is

1 entitled to receive for nonsalary costs the greater of the following
2 amounts:

3 (1) 20 percent of salary costs as determined under AS 14.-
4 17.021(c); or

5 (2) the average of the adjusted actual nonsalary costs of
6 the school district averaged over the two previous fiscal years of the
7 school district, as determined under AS 14.17.034.

8 Sec. 14.17.034. CALCULATION OF ADJUSTED ACTUAL NONSALARY COSTS.

9 (a) Actual nonsalary costs under AS 14.17.032(2) are calculated by
10 adding the reasonable and necessary costs of:

11 (1) fuel and heating, excluding electricity or natural gas,
12 for each school and other heated facility; fuel and heating costs
13 shall be adjusted to reflect the estimated cost of heating a new
14 facility, savings resulting from a building that has been disposed of
15 or is no longer heated, and changes in fuel, fuel delivery, or fuel
16 storage cost;

17 (2) utilities, including electricity, natural gas, and
18 refuse collection, but excluding telephone costs; utility costs shall
19 be adjusted to reflect the estimated utility costs associated with a
20 new facility or addition, savings resulting from a building that has
21 been disposed of or is no longer used, and changes in utility tariffs;

22 (3) travel and per diem, other than school board travel and
23 per diem;

24 (4) contractual and consultant services, including account-
25 ing, legal, and educational consultant services; however, contractual
26 and consultant costs may not exceed two percent of the basic need of
27 the district, as determined under AS 14.17.021(b) for the previous
28 fiscal year;

29 (5) supplies, excluding fuel and capital expenses eligible

1 for reimbursement under AS 14.11; however, supply costs may not exceed
2 two percent of the basic need of the district, as determined under
3 AS 14.17.021(b) for the previous fiscal year;

4 (6) property and liability insurance, to the extent that
5 the department determines that the school district has applied its
6 best efforts and reasonable procedures to obtain the lowest cost
7 coverage;

8 (7) salaries, fees, travel, per diem, and other expenses of
9 the school board in an amount not to exceed one percent of the basic
10 need, as determined under AS 14.17.021(b) for the previous fiscal
11 year, of districts with 1000 or more ADM, and two percent of the basic
12 need, as determined under AS 14.17.021(b) for the previous fiscal
13 year, of districts with less than 1000 ADM; and

14 (8) other nonsalary expenditures of the district not in-
15 cluded in (1) - (7) of this subsection in an amount not to exceed two
16 percent of the basic need of the district, as determined under AS 14.-
17 17.021(b) for the previous fiscal year.

18 (b) The department may make equitable adjustments in cost data
19 submitted under this section to reflect extraordinary factors includ-
20 ing changes in the school district accounting system, payment of
21 expenses before or after the applicable fiscal year, and casualty
22 losses.

23 (c) Where there is an absence of reliable school district data
24 for a cost category, the department may rely upon cost information
25 developed by the school district for the current fiscal year or ear-
26 lier fiscal years and the cost experience of similarly situated school
27 districts for that cost category.

28 (d) The department shall require each school district to main-
29 tain cost records according to a statewide table of accounts. To the

1 extent practicable, separate costs shall be developed for each school
2 or facility for teacher salaries, administrator salaries, classified
3 employee salaries, benefits and employer burden, and nonsalary costs.

4 Sec. 14.17.036. DIRECT REIMBURSEMENT OF SPECIAL EDUCATION COSTS.
5 If a school district's expenditures in a fiscal year for approved
6 costs of special education intensive programs exceed by 80 percent the
7 amount made available to a school district for special education
8 intensive teacher salary costs, the department shall directly reim-
9 burse the district for the excess of the approved costs.

10 Sec. 14.17.038. FUNDS FOR STATE CONTRACT SERVICES. Funds for
11 centralized correspondence study programs for pupils not enrolled in
12 an approved school district correspondence study program, out of
13 district placements, School for the Deaf, Mt. Edgecumbe, Alaska Psy-
14 chiatric Institute, multi-handicapped and special education outreach
15 cooperative services for low incidence children shall be requested by
16 the Department of Education in an appropriation request separate from
17 the public school foundation account.

18 * Sec. 5. AS 14.17.082(a) is amended to read:

19 (a) Each district [HAVING AT LEAST 400 INSTRUCTIONAL UNITS UNDER
20 AS 14.17.031(a)] may accumulate a fund balance in the school operating
21 fund of 10 [SEVEN] percent of its expenditures. [EACH DISTRICT HAVING
22 LESS THAN 400 INSTRUCTIONAL UNITS MAY ACCUMULATE A FUND BALANCE OF 10
23 PERCENT OF ITS EXPENDITURES.]

24 * Sec. 6. AS 14.17.170 is amended to read:

25 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each
26 district shall make a report of its enrollment as of October 15 of the
27 school year [AT THE END OF THE 20-SCHOOL-DAY PERIOD ENDING THE FOURTH
28 FRIDAY IN OCTOBER, AND MAY MAKE A REPORT AT THE END OF THE 20-SCHOOL-
29 DAY PERIOD ENDING THE SECOND FRIDAY IN FEBRUARY,] which, in accordance

1 with regulations adopted by the department, reports its average daily
2 membership for that counting period, and other information which will
3 aid the commissioner in making a more accurate determination of each
4 district's state aid. The [OCTOBER] report [, OR THE FEBRUARY REPORT
5 IF IT MAKES THE DISTRICT ELIGIBLE FOR MORE STATE AID,] is the basis
6 for the computation and distribution of each district's state aid for
7 the balance of the fiscal year. As soon as possible after receiving
8 each district's report, the commissioner shall notify each district of
9 changes made in the number of funding units calculated for that dis-
10 trict. The commissioner shall also determine whether the money in the
11 public school foundation account is sufficient to meet each district's
12 state aid for the fiscal year, and, if the money is not sufficient,
13 the commissioner shall immediately inform the governor of the amount
14 of additional appropriation the commissioner estimates will be neces-
15 sary to carry out the public school foundation program for the rest of
16 the fiscal year. Beginning April 15 and on the 15th of each subse-
17 quent month, one-third of the recomputed balance of each district's
18 state aid must be distributed.

19 * Sec. 7. AS 14.17.170 is amended by adding a new subsection to read:

20 (b) If a district's enrollment, as reported in (a) of this
21 section, has decreased by more than five percent from the previous
22 fiscal year, the department may calculate the number of teachers and
23 administrators for determining the basic aid of the district by using
24 an enrollment figure from any date after April 1 of the previous
25 school year.

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

27 Sec. 14.17.175. EXTRAORDINARY COSTS. The department may reim-
28 burse a school district with fewer than 1000 pupils for extraordinary
29 and substantial costs that could not have been reasonably foreseen if

1 the department determines that failure to reimburse the costs would
2 seriously impair the ability of the school district to meet the basic
3 need of its pupils. Costs reimbursed under this section shall immedi-
4 ately be reported to the legislative budget and audit committee.

5 * Sec. 9. AS 14.17.180 is amended to read:

6 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
7 each district shall transmit to the commissioner a final computation
8 of the district's state aid. The commissioner shall process each
9 district's computation in the manner provided by AS 14.17.150(a).
10 However, in no event may the entitlement of a school district to state
11 aid under AS 14.17.021 be less than that computed under this section
12 for the preceding year, except as otherwise provided [IN AS 14.17.031,
13 OR] under AS 14.17.170 [, WHICHEVER IS GREATER]. Additional state aid
14 shall be obligated by the commissioner before June 30. If the dis-
15 trict received more state aid money than it was entitled to under this
16 chapter, it shall immediately, after notice from the commissioner of
17 the overpayment, remit the amount of overpayment to the commissioner
18 to be returned to the public school foundation account.

19 * Sec. 10. AS 14.17.205 is amended to read:

20 Sec. 14.17.205. STATE AID TO DISTRICTS OPERATING APPROVED SCHOOL
21 FOOD SERVICE PROGRAMS. A school district that qualifies for and
22 provides free and reduced-price lunches to students who qualify under
23 the Federal Nutrition Act shall receive state aid in an amount for
24 each free or reduced-price meal equal to the federal allowances
25 multiplied by the school district's area salary differential under
26 AS 14.17.029 [IN AS 14.17.051].

27 * Sec. 11. AS 14.17.250 is amended by adding new a paragraph to read:

28 (13) "attendance center" means a public school or group of
29 schools in a single community that functions as a distinct

1 administrative unit and is allocated a half-time or full-time princi-
2 pal by the district school board; however, the State Board of Educa-
3 tion may designate a school as an attendance center if it determines
4 that the school should be considered an attendance center because of
5 the dedication of the school to a special program.

6 * Sec. 12. AS 44.47.305(c) is amended to read:

7 (c) A grant under (a) of this section may not exceed \$50 per
8 month for each child the child care facility cares for, or for each
9 full-time equivalent, as determined by the department. The grant
10 shall be adjusted on a geographic basis by the same multipliers [PER-
11 CENTAGES] as salaries [INSTRUCTIONAL UNIT ALLOTMENTS] are adjusted
12 under AS 14.17.029 [AS 14.17.051].

13 * Sec. 13. AS 14.17.022, 14.17.023, 14.17.027, 14.17.031, 14.17.041,
14 14.17.051, 14.17.056, 14.17.061, 14.17.080, and 14.17.250(7) are repealed.

15 * Sec. 14. This Act takes effect July 1, 1987.

SECTION BY SECTION ANALYSIS OF
SCHOOL FOUNDATION BILL

AS 14.17.021(a) 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 14.17.020 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 it may be necessary to mandate a minimum local 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, predominately state monies.

Local government's share of "basic education". Since it is unlikely that Alaska will follow Washington's lead and fund 100% of the costs of a "basic education", 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.

Federal Public Law 874 monies of about \$48,905,000 a year are a near constant. If a "basic education" as defined by the state costs, say, 650 million dollars that, too, is a constant. The remaining amount, the local share, is the variable. If the state, after looking at a 650 million dollar need, decides it can afford to pay only 400 million of the need, the remainder for city and borough school districts will be:

basic need	650
-less PL-874 revenues	<u>49</u> (7.5%)
	601
-less state share	<u>400</u> (62%)
balance (local share)	201 (31%)

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 14 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 4.9 mills to raise 251 million. If any municipality were exempted from paying their full share, other municipalities would have to make up the difference by levying a higher property tax.

These are the revenues that a 4 and 5 mill property tax would raise in the larger city and borough school districts.

	(in millions) assessed valuation	4 mill levy	5 mill levy
Anchorage	\$19,343	\$77.4	\$96.7
North Slope	13,570	54.3	68.0
Fairbanks	4,727	18.9	23.6
Kenai	3,905	15.6	19.5
Matsu	2,716	10.9	13.8
Valdez	1,693	6.8	8.5
Juneau	1,689	6.8	8.5
Ketchikan	904	3.6	4.5
Kodiak	552	2.1	2.8
<u>Sitka</u>	<u>441</u>	<u>1.8</u>	<u>2.2</u>
Total	\$49,540	198.2	\$248.1

Exempting North Slope Borough from a 5 mill levy would reduce the local revenues from 248.1 million to 180.1 million, or 27.5%. To make up for these lost revenues it would be necessary for each school district to raise its mill rate..

See Exhibit A for assessed valuations.

A flat percentage 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.

Obtaining 29 million dollars or any other amount, from taxation of real and personal property taxes from the North Slope may help a school foundation program, but has a limited affect on state finances. The reason is that every dollar that North Slope raises through its property tax on the Alaska pipeline and gathering facilities is deducted from the 20 mill property tax the state collects on the same facilities. If the North Slope local tax goes up, state property tax revenues from the pipeline go down dollar for dollar.

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 be reduced. With a foundation approach the amount that each city and borough must levy in taxes changes with changes in assessed valuation as adjusted 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 251 million dollars is too much for city and borough school districts to pay - that a property tax mill levy for education of 5 - 7 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. A reduction in standards for special programs, such as bilingual education, would only affect those districts that offer the program. Examples of changing the definition of basic need are the addition of kindergartens as part of elementary school in 1966 and the additions of special education as a new educational program in 1963.

Deduction of federal PL 81-874 revenues. The deduction of 100% 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 reversion to the state law that existed before 1981. 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.

In Alaska, the 80% deduction will not work - not because it is too high - but because it is not high enough. The 20% left for certain school districts, especially North Slope and Galena, enriches them well beyond the 25% disparity limit established by Public Law 874. If any PL 874 monies are to be deducted from state monies that would otherwise be available to a school district the per pupil expenditure gap between the poorest school district and the richest school district must be held down to less than 25%. If each school district retained all of their state entitlement plus all of their federal entitlement, the disparities in monies available to school districts would be extreme. 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 49 million dollars. For a list of PL 874 monies currently being retained by cities and borough school districts at 20% see Exhibit B-District Rankings by Major Sources per ADM. Also included in Exhibit B is a memorandum on limitation on State of Alaska use of Federal Public Law 81-874 monies.

The required local effort was repealed in 1969. Since that time the local government machinery for levying real and personal property taxes and levying sales taxes has fallen into disuse in some of the smaller city school districts. Some smaller city school districts have learned to rely exclusively on state shared revenue and municipal assistance as the source of any local monies for education.

To ease the transition of the smaller city school districts into a 1962 type of foundation program, the first \$100,000 that would be raised by a 5.0 mill property tax levy or equivalent is not deducted from the monies the state pays to the school district. This provision would reduce the total amount deducted from state aid by \$3,300,000 and would primarily benefit the 19 smaller city school districts and the Bristol Bay Borough. (Their local share in dollars is comparatively small.)

AS 14.17.021(b) Basic need. Basic need or "basic education" is a concept borrowed from the state of Washington. It is based upon state mandated course requirements and requirements for graduation, which Alaska already has, and upon an average pupil-teacher ratio within the state, as of a certain date, which, in the case of the State of Washington was 1977.

In 1977 the average pupil-teacher ratio (teacher included all certificated personnel) was 20:1. The 1977 Washington Legislature undertook to fund 100% of the cost of a "basic education" which would provide a PTR of 20:1 plus funding for special education. The standard for "basic" was found in the practices of Washington educators and school boards as of 1977. The Washington legislature acted in response to a state court order which held that under the Washington Constitution the State was responsible for paying for 100% of all costs of a "basic education."

The same approach to defining "basic need" is used in this bill. The average pupil-teacher ratio (PTR) for school districts with more than 200 pupils is 1:20. This includes all certificated personnel, except for superintendants, principals, vice-principals, special education, gifted and talented and bilingual teachers. Special education, gifted and talented and bilingual teachers are funded under separate provisions of the bill. The 20:1 ratio is used to calculate the costs of providing teachers for middle and larger sized schools. Lower PTR's are used for smaller schools to reflect staffing practices in smaller schools of various sizes. For a list of pupil-teacher ratios and pupil-headquarters ratios for all Alaska schools see Exhibit C. Enrollments and number of certificated personnel at headquarters and individual schools are taken from the Alaska School Directory - 1986 published by the state department of education based upon reports received from school districts for the 1984-85 school year. Also available is a list of certificated personnel and pupils in each Alaska school.

Washington uses a 3:1 ratio as the ratio between certified personnel (personnel with teaching degrees) and classified employees (employees without teaching degrees.) In Southcentral Alaska the ratio is 3:2, so this ratio has been used.

A combined pupil-staff ratio was not used because it would impair a district by district and school by school analysis of how individual schools are actually staffed. The term "instructional unit" is not used as this is a concept which is foreign to persons used to constructing budgets for government agencies and businesses. Persons budgeting for labor intensive businesses and undertakings start with the number of personnel to accomplish certain jobs at certain locations and calculate the costs of employing the various types of personnel required.

Salaries including benefits, account for 55 to 80% of the budget of Alaska school districts-80% for the larger school districts. It is easy to accumulate data on salary costs. Once this major element of expense is broken out and dealt with, the hard decisions are out of the way.

"Basic need" as established in the bill is based upon (1) average PTRs in schools of various sizes, (2) average salaries paid to teachers and administrators in various parts of Alaska and (3) average expenditures of each school district on non-salary items over the two previous fiscal years with ceilings on some categories of expenditure. The legislature can raise or lower the level of state expenditures by choosing a higher than average or lower than average PTR, teacher salary schedule, expanding the definition of special education, etc.

AS 14.17.022(c) Salary costs self-explanatory. The 20% for teacher benefits and employer burdens and 30% for classified employee benefits and employer burdens are based upon conflicting information, which conflicts are probably due to differences in school district accounting systems. The percentage could be raised or lowered if more detailed information on average percentages were obtained. Overstating or understating of average benefits and burdens would have little effect on the allocations to individual school districts if the total appropriation for school funding were held constant.

Sec. 14.17.024 Calculation of number of teachers- (a) classroom teachers The schedule shows 1:20 for schools over 200. This would be closer to 1:16 if various categories had not been excluded. The schedule of teachers (not including principals, vice principals, district headquarters personnel, special education, gifted and talented and bilingual teachers) for schools of different sizes is based upon actual Alaska practice. Special education, gifted and talented and bilingual teachers are not included since they are added in a later subsection. If they were included the ratios would range from 1:4.5 to 1:8 for schools of up to 106 pupils, about 1:10 for schools with 106-200 pupils and about 16 for schools over 200. See Exhibit C for the actual ratios.

The 1:20 ratio is more generous than the pre-Prudhoe Bay ratio. Before 1970 state funding provided for a 1:25 PTR for more than 300 pupils. SLA 1962, Ch 164, Sec 104c.

The formula in effect from 1962-1970 provided for a slightly higher pupil-teacher 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

In recent years a concensus has developed that in addition to the need for a higher PTR in secondary schools, a higher PTR is also needed in the lower elementary grades of 1-3 with about 30% more in the first grade. The State of Washington will probably change its definition of a "basic education" this year to provide for a PTR of 1:19 for Grades 1-3, retaining the PTR of 1:20 for all of the other grades, including secondary. If the need for a separate and higher PTR for the first three grades of elementary school is accepted this would tend to eliminate the need for a separate higher schedule for secondary school. The desired PTRs would balance out and would, on the average, be about the same in both elementary and secondary schools.

It is hard to work with two schedules in small K-12 schools where an eight pupil classroom might be composed of four elementary pupils and four secondary pupils. It would be harder to work with three schedules: one for K-3, one for 4-6 and a third for 7-12. For these reasons a pure classroom approach has been used.

Sec 14.17.024(c). Teachers for special programs. The various special education categories have to be analyzed separately, because the amount of teacher time per pupil is very different from the resource room where the teacher may see the pupil only one hour a day or 20 hours a month and the intensive program where the teacher may be with the pupil almost every school hour of the month. A teacher with a self contained class can handle more children in the class than an intensive teacher teaching severely handicapped children. A resource room pupil spends most of their time, probably about three fourths or more,

with their regular classroom teacher, with an hour or two with the special education teacher in the "resource room." The self contained pupil is taught mostly by the self contained teacher in a separate classroom, but an attempt is made to "mainstream" the pupil with other pupils, which means that the self contained pupil may be in physical education, music and art classes with pupils in regular classrooms. A deaf, blind or severely handicapped pupil typically needs more tutoring. It is hard to predict how much individual attention a particular severely handicapped pupil will require. See the discussion under AS 14.17.040 on out of the ordinary intensive costs.

In the formula the allocation is according to full-time equivalent (FTE) pupils, not pupils served or pupils "in ADM". A teacher may see four children for each of six class periods. The teacher could serve as many as 24 children during that day, but the full-time equivalent for these pupils would be four. Anchorage attempts to schedule its resource room special education teachers for a teaching load of 25 pupils per resource room teacher.

Bilingual programs are for children for whom English is a second language - they understand their parents' language better than English, or they do not understand English at all. The goal is to acquaint the pupil with English, preferably in a period of three years or less, so that the pupil can comprehend instruction in English as well as in the tongue of the pupils' parents. For a Chinese or Korean pupil, a Chinese or Korean teacher, teaching in Chinese or Korean, should be able to handle a class of 20 on a full time basis or a class of 10 on a halfday basis. Some Alaska born pupils are listed in bilingual programs where the predominant language in the community is English. It is doubtful if the pupils are eligible for bilingual instruction under a separately funded bilingual program. However this is a problem of administration and not a subject that requires legislation unless the legislature wishes to expand bilingual education to include second languages for pupils for whom English is the first language.

Sec 14.17.025 Calculation of number of administrators The number of principals and vice principals per elementary and secondary school follows existing practice. No attempt has been made, however, to arrive at averages of district headquarters certificated personnel because there is no consistency in the use of certificated personnel at the headquarters level. Some fairly large school districts such as Cordova, with 388 pupils, have one certificated person, the superintendant, at district headquarters while a city district like Nome, with 741 pupils, has 10 certificated personnel at the headquarters level. Bering Straits, also headquartered at Nome, with 1160 pupils has 25 certificated personnel at headquarters. Yukon Flats with 359 pupils has 15 certificated persons at its headquarters in Fort Yukon. See Exhibit C for ratios of pupils to district headquarters certificated personnel.

There are legitimate reasons for some of these disparities. Some of the certificated personnel are itinerant teachers. Their time could reasonably be allocated to the schools they visit, as opposed to district headquarters. Some districts hire persons without teaching certificates for business managers, personnel managers, etc, while others do not. These non-certificated managers at the headquarters level would be handled through funding of classified employees. If there is too little money for continued funding of certificated headquarters personnel at existing levels then, perhaps, the shortfall can be made up by the relatively generous funding for classified personnel (funding for 2 classified persons for every 3 certificated persons.)

Sec 14.17.026 Calculation of number of classified personnel. Both Anchorage and Matsu employ two classified employees (persons without a teaching certificate) to every 3 certificated persons (teachers and others with teaching certificates). Some of these personnel are teacher aides. There are very few bus drivers as most bussing is contracted out. Thirteen percent (13%) of Anchorage's classified employees are noon-time lunch aides who average \$2000 per year. Some of the remaining classified employees who work at schools work six hours a day instead of eight coming in late and leaving early. Full time equivalents for these part-time employees have not been worked out and would be difficult to compile. If full-time equivalents are not used it appears that Anchorage classified employees receive, on the average, a very low annual wage - about \$21,000 a year. If noon-time aides are excluded and 6-8 hour employees are included, Anchorage's number drops by 13% and the average wage increases to about \$26,750.

The problem of full time, three quarter time and part time employees can be solved two ways either of which will yield the same result. Use an unadjusted number of employees and multiply by a low annual wage. Or use a full-time equivalent number and assign a higher annual wage. In the bills unadjusted numbers are used. Certificated - classified personnel ratios have not yet been compiled for other school districts and, as a result, there is no statewide ratio.

Classified employees make substantially less than certificated employees. In Anchorage, teachers, who account for 58% of the employees, account for 69.5% of the payroll. Administrators, 3% of the employees, account for 4.5% of the payroll and classified employees, 40% of the employees, account for 26% of the payroll. Certificated persons account for 74% of the salary costs.

On the basis of salaries the ratio would be 7 certificated dollars to every 3 classified payroll dollars or 7:3.(1:.43)

By making some very rough adjustments such as elimination of noon duty attendants it was possible to come up with estimates for Anchorage, Matsu and Kenai as follows:

Anchorage		
salary	\$25,700	
benefits and burden at 35%	<u>\$9,100</u>	\$34,800
Kenai		
salary	\$21,000	
benefits and burden at 30%	<u>\$6,300</u>	\$27,300
Matsu		
salary	\$23,000	
benefits and burden at 30%	<u>\$6,900</u>	\$29,900

Twenty three thousand dollars (\$23,000) has been used as the base classified employee salary. This number can be adjusted up or down based upon information from other districts.

Even if the ratio of classified employees to certificated employees were understated or overstated, the effect of the error would be minimal in distributing dollars to school districts. The total amount to be distributed is a fixed amount and an across the board overstatement or understatement of the percentage for classified employees would not appreciably affect the percentage of the fixed amount each school district receives. The reason why accuracy is desirable is that it helps communicate the actual effect of an allocation of monies to a school district as seen at the individual school and individual classroom level. If monies are reduced, how much would PTRs increase? How many, and which, classified employees would probably be laid off?

Sec. 14.17.028 Teacher salaries. The table lists the standard steps for teacher salaries in Alaska. Anchorage's lowest step, a bachelors degree, with no experience, and no credits after graduation is \$26,078. This is a 1.00. Anchorage's highest step requires a master's degree, 54 credits and 15 years experience. This pays \$51,113 and is a 2.00. Other southcentral districts are very close. Matsu starts at \$26,369 and ends at \$51,101. Kenai's range is \$26,626-\$50,705.

Larry Huxel, the Law and Finance director of the state Department of Education, developed the formula in about September 30, 1985. He described its derivation as follows;

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 districts' Training and Experience Index. It is proposed that this index be used as an adjustment factor in the formula.

If the state is to recognize the true costs of staffing a school, it must recognize the fact teacher salaries are routinely increased for experience and training and that each school district has fixed costs of teachers already on the payroll at steps arrived at by contract. The only way to avoid this fixed cost is to layoff the experienced teacher to hire an inexperienced teacher at the bottom of the pay range.

If Training and Experience (T&E) is not recognized and, if a statewide average salary is used for all schools, a Rural Education Attendance Area (REAA), with increasingly experienced teachers, such as Copper Valley, would not be able to pay the same amount for additional education and training that tax levying districts do. Or if it has contracted to do so, it would either not be able to honor its contracts or would have to lay off teachers. With either result the REAA would operate on a basis inferior to that of tax levying districts.

If the legislature considers that the pay range is too high for teachers, it can put a dollar limitation on the amount it will consider for funding purposes - or clip off the top several steps. If it does so it will affect the ability of an REAA to pay above this ceiling, and to a lesser extent, the ability of a tax levying school district to do so.

The salary schedule in this section is used only for purpose of determining the allotment for the school district and does not prohibit a district from paying more or less.

There was a minimum teacher salary schedule in Alaska statutes until 1984, but this was a dead letter after 1970 when teacher associations were given the right to bargain. AS 14.20.220 provided for a minimum teacher salary of \$8000 a year, \$10,900 a year for a teacher with a masters degree, a cost of living differential of 5% for the Fairbanks - Central area and a 10% cost of living differential for Arctic and Western Alaska.

Sec 14.17.028(b) Superintendent salaries. The 1.4 and 1.6 multipliers for the superintendent salaries are intended to reflect actual salary practices in Alaska.

Where teacher salaries are relatively low for Alaska because of the absence of an area differential multiplier, the 1.4 and 1.6 multipliers may be low. Where teachers salaries might be expanded by as much as 40% due to a 40% differential, the multiplier may generate an excessive salary. For example a superintendent with a master's degree, 54 credits, 15 years experience, would receive in Anchorage, as a teacher, \$51,113, and as a superintendent \$20,445 more for a salary of \$71,558. With a 1.40 area cost differential the teachers salary would be \$93,025. This amount multiplied by 1.4 yields \$130,235. The add on amount for a superintendent should be limited to the Anchorage base (\$71,588) and not upon a higher base, which means that the superintendants pay in the 1.40 district would be \$93,025 plus \$20,445 for a total of \$113,470.

Nationally teachers salaries are significantly lower than in Alaska about \$26,000 per year compared to Alaska \$41,000 per year. Nationally superintendents average 1.86 more pay than teachers. In the Pacific states they average 1.84 more.

Washington in 1985-86 paid its teachers an average of \$27,166 per year, 102.3% of the national average. Alaska is shown as paying an average of \$41,480. A Washington's teacher's salary of \$27,166 multiplied by the Pacific states' 1.84 multiplier for superintendents would generate a Washington superintendents salary of \$49,985.

Sec 14.17.034(c) Administrators salaries. Again the multipliers used are intended to reflect Alaska practices. Any results achieved are likely to be inexact because of the numerous categories of administrator in Alaska.

Dale Sandahl of the Kenai Peninsula Borough School District has compiled the following information:

	Kenai	Nationwide *	Far West *
1. Teachers	1.00	1.00	1.00
2. Superintendents	1.67	1.86	1.84
3. Ass't Supt.	1.47	1.60	1.60
4. Exec. Director	1.47	1.42	1.43
5. Exec. Director	1.47	1.42	1.43
6. Senior High Principal	1.27	1.41	1.44
7. Jr. High Principal	1.18	1.33	1.33
8. Elementary Principal	.96	1.08	1.12
9. Sr. High Ass't Principal	1.3	1.22	1.25
10. Jr. High Ass't Principal	1.11	1.16	1.19
11. Elementary Ass't Prin.	.96	1.08	1.12
12. Directors in Central Office (5)	1.16	1.42	1.43
13. Director of Purchasing	1.17	1.33	1.32

* Source: Educational Research Service, Arlington, Va.

There was a minimum administrator's salary schedule in Alaska Statutes until 1984, but it was obsolete after 1970 when administrators were given the right to bargain. AS 14.20.230 provided for:

Sec. 14.20.230. Administrators' salaries. School boards of city and borough school districts and regional educational attendance areas shall pay a qualified school administrator a salary not less than the allowable amount for the school administrator's position on the teachers' scale provided in AS 14.20.220(a) - (c), plus

(1) 25 per cent for the chief school administrator of a district with an average daily membership of 500 or more;

(2) 20 per cent for the chief school administrator of a district with an ADM of less than 500;

(3) 15 per cent for a principal or other administrator;

(4) 10 per cent for an assistant principal;

The bill does not provide for school districts paying any minimum amount to administrators. Instead it creates a mechanism for budgeting an amount for administrators' salaries to be used in calculating "basic need."

Sec 14.17.029 Area cost differentials. This is the most difficult part of the formula. Area cost differentials for salaries have been arrived at by grouping school districts with similar characteristics by area and by then searching for a mean for salaries. Anchorage was used as the base at 1.00. The average teachers salary of each school district was determined by multiplying Anchorage's beginning salary of \$26,078 times the district's 1985-86 Training and Experience Index for that district. See the discussion under Sec 14.17.030. This number was then compared to the average 1985-68 salary for the school district. The differences between these two salaries are described as "area differentials". The tables showing these comparisons is attached as an Exhibit D. The grouping of school districts by similar characteristics and by area is shown in Exhibit E. Exhibit E also lists the "cost of living differentials" for each school district. The "cost of living differentials" are taken from the "Alaska Geographic Differential Study 1985", prepared for the State of Alaska Department of Administration by the McDowell Group.

There are many differences between actual teacher salary differences and the "cost of living differential" in the Alaska Geographic Differential Study. For example, Fairbanks pays its teachers 112% of Anchorage's, yet its cost of living differential is shown at 103%. There may be some basis for departing from known cost of living differentials if some parts of the state have traditionally had more difficulty in attracting teachers than other parts of the state. Fairbanks is colder than Anchorage.

Sec 14.17.034. Non-salary costs. Anchorage and some of the larger school districts have historically expended 80% of their budget for non-salary costs. Smaller school districts have historically spent a greater percentage of their budget on non-salary items.

For a few years, it may be best to grandfather certain school district non-salary expenditures, with ceilings on any categories where abuses are believed to have existed, e.g. excessive school board travel.

Until this year there may have been insufficient information as to how non-salary monies were being spent. With all school

districts now using a uniform table of accounts it should be possible to track the previous two years expenditures in a category and to identify anomalies that call for closer scrutiny, e.g. coding acquisition of major new items of equipment as "supplies". The proposed handling of non-salary costs is similar to handling of such costs by the State of Alaska in the 1950s and the early 1960s when a very small staff, probably no more than three persons, dealt with reimbursement of all city and independent school district costs, and, in addition, handled the budgeting for all costs of state operated schools. The whole formula in effect before 1963 was expressed in two paragraphs. The non-salary portion is stated in one sentence, as follows:

"Said detailed statement shall be submitted in duplicate and shall set forth the salaries of teachers in each grade and of janitors or other employees of the school district, and proposed expenditures for fuel, light, water, school books and supplies, janitor's supplies, manual training, domestic science, library, and for miscellaneous purposes."

One objection to a non-salary approach is that funding based upon previous years' expenditures creates an incentive to inflate expenditures so that future budgets would be based on inflated present year expenditures. There are several safeguards to prevent this. First, any monies not spent on unnecessary non-salary items are available for putting teachers in the classroom. Most school districts should have reacted to the pinch of decreasing state revenues by July 1, 1986. Secondly, district expenditures for such items as heating fuel and insurance would be compared to expenditures of other districts. If there is an unnecessary or extravagant expenditure that does not fall within any existing guidelines, this can be used as a basis for tightening up of expenditures that would be considered in arriving at next year's entitlement. If a school district spent a disproportionate amount on property and liability insurance this might indicate the need for a statewide approach to a costly problem.

Itemization of expenditures by category does not limit the ability of a district to spend monies received from the state as it sees fit. Regardless of how much or how little a school district has spent on a non-salary item in the past, it is free to add or subtract as much as it wishes to for that item so long as it can find money from some source to cover any increase.

A shortcut is to simply identify the per pupil expenditures on all non-salary items in each school district for the previous two years excluding monies for capital expenditures, reserves and fund balances, and then include 100% of these costs (or a lesser percentage determined by the legislature as the non-salary portion of "basic need"). The following language would accomplish this by rewording subsection (a) of AS 14.17.034 as follows:

(a) Each school district is allocated an amount per pupil

equal to ___% of the average of its per-pupil non-salary expenditures for fiscal years 1984-85 and 1985-86, excluding expenditures for capital, reserves and fund balances.

There is a problem with this shortcut, If there are some major structural problems in the funding of a particular category on non-salary costs, such as insurance, these problems may remain unidentified. The result would be that one district would be underfunded for a non-salary cost, while another district is overfunded.

Operations and maintenance. Use of costs coded under "Operation and Maintenance" does not help in arriving at previous school district cost experience. The state Department of Education compiles statistics on such school district cost categories as "Operations and Maintenance ("O&M"). See Exhibit F. "Operations and Maintenance" would include non-salary costs such as insurance, heating oil, most utilities, supplies used in maintenance, but not classroom supplies and, in some districts, some travel. "Operations and Maintenance" includes classified employee costs and benefits, but not costs of clerical employees and teacher aides. Unfortunately it appears that school districts are inconsistent in the way they code costs to this account. Some districts probably code a relatively small or none of their classified employee costs to O & M, while other districts code most of their classified employee cost to O & M. State O & M statistics show percentages of 1985-86 school district budgets averaging 17.88% with a high of 34.42% (Hydaburg) and a low of 11.34% (Skagway). See Exhibit F. There are probably serious inconsistencies in the way different school districts compile and report these expenses. It is possible that one time non-reoccurring expenditures inflate some of the reported expenditures. For example, King Cove, a seacoast community with 120 pupils, reports \$3,268 annual expenditure per pupil for O&M for 23.56% of its budget purpose while a sister seacoast community with 115 pupils 70 miles away reports \$1,312 per pupil for 15.35% of its budget. Hydaburg, with 97 pupils reports \$3098 per pupil expenditures for 34.42% of its budget while its next door neighbors on the west coast of Prince William Sound report about half of this amount. Klawock, with 156 pupils, reports \$1347 per pupil for 13.86% of its budget and Craig with 186 pupils reports \$1532 per pupil for 19.92% of its budget. "Operations and Maintenance" cannot be depended upon as a measure of average non-salary expenditures or of "reasonable and necessary non-salary expenditures".

Travel. There have been some attempts to create "dispersion" formulas based upon distances of school district attendance centers to district headquarters. Assuming that a meaningful dispersion formula could be devised it should be applied to only one category of costs - travel and per diem. Dispersion of schools has no relation to the number of classroom teachers, classified employees, insurance, heating, utilities and supplies.

To be of a value a dispersion formula would have to be tested against the actual travel costs incurred in the various school districts. Preferably a dispersion formula would be tested separately against (1) out of district travel, typically to Anchorage, Fairbanks and Juneau and (2) intra-district travel. Dispersion should have no effect on out-of district travel costs. On the other hand distances and airfares from residences of school board members to Anchorage, Fairbanks and Juneau would have some relation to travel and per diem costs incurred by school board members if they regularly meet in those cities.

Sec 14.17.036 Direct reimbursement of certain costs the financial liability of school districts for educating a severely handicapped pupil is capped at 180% of the funding provided for those pupils under Sec 14.17.024 (b). If the reasonable and necessary costs of educating severely handicapped children exceeds 180% of the formula funding for special education intensive, the state will reimburse to the school district 100% of the approved excess. The costs of providing an appropriate education for a severely handicapped pupil is hard to predict and varies considerably according to the disability.

This type of provision is not needed for a large district such as Anchorage, which enrolls 44% of Alaska's pupils. It is needed for a small school district such as most of the city school districts and the smaller REAA's. Three severely handicapped school children in a 100 pupil school district could increase salary costs by 10% - or reduce funding available for regular classroom teachers by one.

Sec 14.17.170(b) Hold Harmless provision - accuracy in estimates. A school district's entitlement is based on its October 15 enrollments. Unfortunately the school district must hire school teachers about six months earlier based on what the school district knows about its enrollments in April and May. If the teachers are already hired for different schools and if the enrollments unexpectedly fall, as happened in Skagway several years ago and in the Aleutians this year (23 pupil loss, mostly at the Cold Bay school) reducing total district enrollment to less than 100, it is very difficult to curtail costs by finding non-tenured teachers to lay off or by reducing non-salary costs.

The risks of error have been substantially reduced by splitting non-personnel costs from personnel costs. Only revenues based upon personnel costs are protected from erosion.

If some of the non-salary cost information available in the spring is uncertain, the results of an error in estimating the average of two years previous expenditure would not be great. Non-salary costs account for no more than 25% of all school costs. If all of this 25% were subject to an error - the costs of insurance, heating oil, utilities, etc., and if the error were 10%, the amount of under or overestimating of total foundation funding would be 2.5%. If just "school board" were subject to this risk, and if the error were 25%, the effect on the total

budget would be no more than one half of one percent (.02% x 25%).

Sec 14.17.082(a) Fund balances. This limitation on fund balances reflects existing law. Since this new funding formula is intended to meet no more than 100% of the reasonable and necessary costs of a public school education, this provision can be dropped.

Sec 14.17.170 Payments under adjusted computation. From existing law.

Sec 14.17.170(b) Hold harmless. Protects the school district from being unable to pay teacher salaries for teachers under contract for the next year where enrollments have decreased by more than 5%.

Sec 14.17.175 Extraordinary costs. Some of the smaller schools are exposed to unusual risks. For example, the 96 children in the Aleutian Region School District are located in about six schools. Some of the schools are served only about twice a year by sea with uncertain service by air. Loss of an airfield could significantly increase some costs.

Sec 14.17.205 State aid to districts operating approved school food service programs. From existing law.

TABLE 1A

ANALYSIS OF FISCAL CAPACITY/ADM BY TYPE

SCHOOL DISTRICT	ADM	LOCAL ADM AS % OF STATE ADM	FULL AND TRUE VALUE ASSESSED PROPERTY	ASSESSED VALUE PER ADM	LOCAL WEALTH AS % OF STATE WEALTH	CITY/BOROUGH FY87 APPROPRIATION	ONE MILL OF TOTAL ASSESSED VALUE
ANCHORAGE	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830	\$19,343,357
SUB-TOTAL	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830	\$19,343,357
NORTH SLOPE	1,155	1.26%	\$13,570,786,300	\$11,749,599	26.59%	\$12,885,000	\$13,570,786
KENAI	8,548	9.30%	\$3,905,341,700	\$456,872	7.65%	\$18,201,971	\$3,905,342
KETCHIKAN	2,439	2.65%	\$901,384,100	\$370,801	1.77%	\$5,397,783	\$904,384
JUNEAU	4,700	5.11%	\$1,688,992,300	\$359,360	3.31%	\$8,250,000	\$1,688,992
FAIRBANKS	13,431	14.61%	\$4,726,913,900	\$351,941	9.26%	\$21,448,271	\$4,726,914
MAT-SU	9,366	10.19%	\$2,716,755,900	\$290,066	5.32%	\$18,461,795	\$2,716,756
SITKA	1,654	1.80%	\$441,175,000	\$266,732	0.86%	\$2,978,379	\$441,175
KODIAK	2,278	2.48%	\$552,447,400	\$242,514	1.08%	\$2,201,800	\$552,447
NORTHWEST ARCTIC**	1,526	1.66%	\$235,045,200	\$154,027	0.46%		\$235,045
SUB-TOTAL	45,097	49.06%	\$28,741,841,800	\$637,334	56.31%	\$90,824,999	\$28,741,842
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,088,390	\$1,693,327
CORDOVA	390	0.42%	\$123,962,300	\$317,852	0.24%	\$625,005	\$123,962
HAINES	351	0.38%	\$97,621,600	\$278,124	0.19%	\$389,000	\$97,622
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053	\$108,671
DILLINGHAM	465	0.51%	\$107,515,700	\$231,217	0.21%	\$100,000	\$107,516
PETEI'SBURG	597	0.65%	\$135,355,400	\$226,726	0.27%	\$654,000	\$135,355
NOME	850	0.92%	\$151,635,000	\$178,394	0.30%	\$206,000	\$151,635
SUB-TOTAL	3,895	4.24%	\$2,418,087,200	\$620,818	4.74%	\$6,600,448	\$2,418,087
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000	\$95,565
SAND POINT	115	0.13%	\$74,641,100	\$649,053	0.15%	\$100,000	\$74,641
SKAGWAY	136	0.15%	\$59,036,600	\$434,093	0.12%	\$48,000	\$59,037
BRISTOL BAY	241	0.26%	\$101,541,000	\$421,332	0.20%	\$40,000	\$101,541
PELICAN	54	0.06%	\$14,987,400	\$277,544	0.03%	\$14,000	\$14,987
KING COVE	120	0.13%	\$24,391,400	\$203,262	0.05%	\$10,000	\$24,391
CRAIG	186	0.20%	\$37,304,700	\$200,563	0.07%	\$10,735	\$37,305
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000	\$11,755
NENANA	126	0.14%	\$18,099,500	\$143,647	0.04%	\$50,000	\$18,100
HYDABURG	97	0.11%	\$13,417,800	\$138,328	0.03%	\$1,200	\$13,418
GALENA	146	0.16%	\$20,106,900	\$137,718	0.04%	\$5,000	\$20,107
HOONAH	214	0.23%	\$29,237,500	\$136,624	0.06%	\$10,000	\$29,238
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614	\$18,137
KAKE	202	0.22%	\$12,188,400	\$60,339	0.02%	\$15,000	\$12,188
ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0	\$4,451
KLAWOCK	156	0.17%	\$5,841,100	\$37,443	0.01%	\$0	\$5,841
SUB-TOTAL	2,284	2.48%	\$540,701,000	\$236,734	1.06%	\$507,549	\$540,701
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826	\$51,043,987

EXHIBIT A

TABLE 1:

CITY/BOROUGH FISCAL CAPACITY AND FISCAL EFFORT

SCHOOL DISTRICT	ADM	LOCAL ADM AS % OF STATE ADM	FULL AND TRUE VALUE ASSESSED PROPERTY	ASSESSED VALUE PER ADM	LOCAL WEALTH AS % OF STATE WEALTH	CITY/BOROUGH APPROPRIATION/FY87
ANCHORAGE	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830
BRISTOL BAY	241	0.26%	\$101,541,000	\$421,332	0.20%	\$40,000
CORDOVA	300	0.42%	\$123,962,300	\$317,852	0.24%	\$625,005
CRAIG	186	0.20%	\$37,304,700	\$200,563	0.07%	\$10,735
DILLINGHAM	465	0.51%	\$107,515,700	\$231,217	0.21%	\$100,000
FAIRBANKS	13,431	14.61%	\$4,726,913,900	\$351,841	9.26%	\$21,448,271
GALENA	146	0.16%	\$20,106,900	\$137,718	0.04%	\$5,000
HAIL ES	351	0.38%	\$97,621,600	\$278,124	0.19%	\$389,000
HOONAH	214	0.23%	\$29,237,500	\$136,624	0.06%	\$10,000
HYDABURG	97	0.11%	\$13,417,800	\$138,328	0.03%	\$1,200
JUNEAU	4,700	5.11%	\$1,688,992,300	\$359,360	3.31%	\$8,250,000
KAKE	202	0.22%	\$12,188,400	\$60,339	0.02%	\$15,000
KENAI	8,548	9.30%	\$3,905,341,700	\$456,872	7.65%	\$18,201,971
KETCHIKAN	2,439	2.65%	\$904,384,100	\$370,801	1.77%	\$5,397,783
KING COVE	120	0.13%	\$24,391,400	\$203,262	0.05%	\$10,000
KLAWOCK	156	0.17%	\$5,841,100	\$37,443	0.01%	\$0
KODIAK	2,278	2.48%	\$552,447,400	\$242,514	1.08%	\$2,201,800
MAT-SU	9,366	10.19%	\$2,716,755,900	\$290,066	5.32%	\$19,461,795
NENANA	126	0.14%	\$10,099,500	\$143,647	0.04%	\$50,000
NOME	850	0.92%	\$151,635,000	\$178,394	0.30%	\$206,000
NORTH SLOPE	1,155	1.26%	\$13,570,786,300	\$11,749,599	26.59%	\$12,885,000
NORTHWEST ARCTIC**	1,526	1.66%	\$235,045,200	\$154,027	0.46%	\$0
PELICAN	54	0.06%	\$14,987,400	\$277,544	0.03%	\$14,000
PETERSBURG	597	0.65%	\$135,355,400	\$226,726	0.27%	\$654,000
SAND POINT	115	0.13%	\$74,641,100	\$649,053	0.15%	\$100,000
SITKA	1,654	1.80%	\$441,175,000	\$266,732	0.86%	\$2,978,379
SKAGWAY	136	0.15%	\$59,036,600	\$434,093	0.12%	\$48,000
ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,088,390
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826

**TRANSITION DISTRICT (REF: AS14 17 210)

TABLE 1A:

ANALYSIS OF FISCAL CAPACITY/ADM BY TYPE

SCHOOL DISTRICT	FY87 APPROP. IN MILL	FY87 APPROPRIATION PER ADM	LOCAL APPROP. STATE AVERAGE (PER ADM)	LOCAL EFFORT STATE AV. EFFORT
	EQUIVALENCY			
ANCHORAGE	3.28	\$1561.02	0.89	1.04
SUB-TOTAL	3.28	\$1561.02	0.89	1.04
NORTH SLOPE	0.95	\$1155.84	6.35	0.30
KENAI	4.66	\$2129.38	1.21	1.47
KETCHIKAN	5.97	\$2213.11	1.26	1.89
JUNEAU	4.88	\$1755.32	1.00	1.54
FAIRBANKS	4.54	\$1586.92	0.91	1.43
MAT-SU	7.16	\$2077.92	1.18	2.27
SITKA	6.75	\$1800.71	1.03	2.13
KODIAK	3.99	\$966.55	0.55	1.26
NORTHWEST ARCTIC**				
SUB-TOTAL	3.18	\$2013.99	1.15	1.00
VALDEZ	2.41	\$5168.63	2.94	0.76
CORDOVA	5.04	\$1602.59	0.91	1.59
HAINES	3.98	\$1108.26	0.63	1.26
WRANGELL	4.95	\$1193.02	0.68	1.57
DILLINGHAM	0.93	\$215.05	0.12	0.29
PETERSBURG	4.83	\$1095.48	0.62	1.53
NOME	1.36	\$242.35	0.14	0.43
SUB-TOTAL	2.73	\$1894.60	0.97	0.86
UNALASKA	1.81	\$1226.95	0.70	0.57
SAND POINT	1.34	\$869.57	0.50	0.42
SKAGWAY	0.81	\$352.94	0.20	0.26
BRISTOL BAY	0.39	\$165.88	0.09	0.12
PELICAN	0.93	\$259.26	0.15	0.30
KING COVE	0.41	\$83.33	0.05	0.13
CRAIG	0.29	\$57.72	0.03	0.09
TANANA	0.17	\$25.64	0.01	0.05
NENANA	2.76	\$396.83	0.23	0.87
HYDABURG	0.09	\$12.37	0.01	0.03
GALENA	0.25	\$34.25	0.02	0.08
HOONAH	0.34	\$46.73	0.03	0.11
YAKUTAT	1.58	\$182.25	0.10	0.50
KAKE	1.23	\$74.26	0.04	0.39
ST. MARY'S	0.00	\$0.00	0.00	0.00
KLAWOCK	0.00	\$0.00	0.00	0.00
SUB-TOTAL	0.94	\$222.22	0.13	0.30
TOTAL	3.16	\$1755.58	100.0%	1.00

Exhibit 15 p. 3

**TRANSITION DISTRICT (REF: AS14.17.210)

SCHOOL DISTRICT	STATE FOUND.	ONE MILL	INSTRUCTIONAL	COST OF	PERCENTAGE
	AID PER	GENERATION	UNIT ALLOT.	LIVING	EQUALIZER
	ADM	PER ADM	AS14.17.056	DIFFERENTIALS	
CITIES/BOROUGHES:					
ANCHORAGE	\$3,088	\$478	104%	100%	97.42994
BRISTOL BAY	\$8,748	\$421	155%	129%	97.72305
CORDOVA	\$5,054	\$318	95%	111%	98.28228
CRAIG	\$7,188	\$201	120%	102%	98.91613
DILLINGHAM	\$7,694	\$231	150%	129%	98.75047
FAIRBANKS	\$3,531	\$352	113%	103%	98.09808
GALENA	\$10,583	\$138	155%	129%	99.25575
HAINES	\$5,828	\$278	112%	105%	98.49697
HOONAH	\$8,605	\$137	112%	105%	99.28166
HYDABURG	\$8,908	\$138	104%	102%	99.25245
JUNEAU	\$3,406	\$359	104%	103%	98.05796
KAKE	\$7,666	\$60	112%	98%	99.67392
KENAI	\$3,381	\$457	104%	101%	97.53099
KETCHIKAN	\$3,458	\$371	100%	102%	97.99613
KING COVE	\$9,113	\$203	140%	126%	98.90154
KLAWOCK	\$7,491	\$37	104%	102%	99.79765
KODIAK	\$5,274	\$243	135%	106%	98.68941
MAT-SU	\$2,919	\$290	104%	94%	98.43244
NENANA	\$9,079	\$144	125%	129%	99.22371
NOME	\$7,084	\$178	155%	132%	99.03593
NORTH SLOPE	\$8,230	\$11750	175%	144%	97.00000
NORTHWEST ARCTIC	\$7,691	\$154	155%	144%	99.16761
PELICAN	\$11,163	\$278	110%	105%	98.50010
PETERSBURG	\$4,004	\$227	90%	98%	98.77474
SAND POINT	\$7,541	\$649	115%	120%	97.00000
SITKA	\$3,714	\$267	104%	101%	98.55854
SKAGWAY	\$8,973	\$434	80%	105%	97.65409
ST. MARYS	\$10,926	\$39	180%	126%	99.79083
TANANA	\$13,473	\$151	140%	129%	99.18555
UNALASKA	\$7,998	\$678	120%	126%	97.00000
VALDEZ	\$4,203	\$2141	115%	111%	97.00000
WRANGELL	\$4,746	\$241	90%	98%	98.69784
YAKUTAT	\$7,929	\$116	115%	105%	99.37571
REAS:					
ADAK	\$3,447		125%	126%	100.00000
ALASKA GATEWAY	\$8,898		185%	139%	100.00000
ALEUTIANS	\$15,758		145%	129%	100.00000
ANNETTE ISLAND	\$3,309		155%	139%	100.00000
BERING STRAITS	\$9,078		125%	129%	100.00000
CHATHAM	\$6,438		165%	129%	100.00000
CHUGACH	\$10,627		160%	129%	100.00000
COPPER RIVER	\$6,678		145%	132%	100.00000
DELTA GREELY	\$4,430		150%	129%	100.00000
IDITAROD	\$10,362		140%	126%	100.00000
KASHUNAMIUT	\$8,538		175%	129%	100.00000
KUSPUK	\$8,933		120%	126%	100.00000
LAKE AND PENISULA	\$12,562		105%	126%	100.00000
LOWER KUSKOKWIM	\$8,971		95%	126%	100.00000
LOWER YUKON	\$5,775		125%	111%	100.00000
PRIBILOF ISLANDS	\$6,031		140%	111%	100.00000
RAILBELT	\$8,892		100%	105%	100.00000
SOUTHEAST ISLANDS	\$6,446		165%	103%	100.00000
SOUTHWEST	\$8,658		125%	103%	100.00000
YUKON FLATS	\$13,092		108%	102%	100.00000
YUKON KOYUKUK	\$9,109		115%	103%	100.00000
YUPIIT	\$12,870		90%	102%	100.00000

Exhibit A, p. 4

SUMMARY TABLE 1:

STATE FOUNDATION SUMMARY PER ADM/WALL DISTRICTS

SCHOOL DISTRICT	ADM	FY87 STATE	STATE
		FOUNDATION	FOUNDATION
		ENTITLEMENT (EST)	PER ADM
ALEUTIANS	87	\$1,370,960	\$15,758
TANANA	78	\$1,059,494	\$13,583
YUKON FLATS	377	\$4,935,528	\$13,092
YUPIIT	285	\$3,667,899	\$12,870
LAKE AND PENISULA	370	\$4,647,795	\$12,562
PELICAN	54	\$611,981	\$11,333
ST. MARYS	115	\$1,259,100	\$10,949
GALENA	146	\$1,556,769	\$10,663
CHUGACH	129	\$1,370,890	\$10,627
IDITAROD	398	\$4,134,454	\$10,362
KING COVE	120	\$1,105,763	\$9,215
NENANA	126	\$1,152,866	\$9,150
YUKON KOYUKUK	598	\$5,429,081	\$9,109
BERING STRAITS	1,233	\$11,193,524	\$9,078
HYDABURG	97	\$870,583	\$8,975
LOWER KUSKOKWIM	2,675	\$23,998,368	\$8,971
BRISTOL BAY	241	\$2,156,893	\$8,950
KUSPUK	408	\$3,644,698	\$8,933
RAILBELT	357	\$3,174,347	\$8,892
SOUTHWEST	486	\$4,206,731	\$8,658
KASHUNAMIUT	166	\$1,417,382	\$8,538
NORTH SLOPE	1,155	\$9,800,000	\$8,485
UNALASKA	141	\$1,162,600	\$8,245
YAKUTAT	157	\$1,252,674	\$7,979
DILLINGHAM	465	\$3,623,215	\$7,782
SAND POINT	115	\$894,069	\$7,775
NORTHWEST ARCTIC	1,526	\$11,834,721	\$7,755
KAKE	202	\$1,553,695	\$7,692
KLAWOCK	156	\$1,171,024	\$7,507
CRAIG	186	\$1,351,304	\$7,265
NOME	850	\$6,080,016	\$7,153
SKAGWAY	136	\$971,045	\$7,140
ALASKA GATEWAY	516	\$3,559,313	\$6,898
COPPER RIVER	575	\$3,838,705	\$6,676
HOONAH	214	\$1,424,060	\$6,654
SOUTHEAST ISLANDS	458	\$2,952,223	\$6,448
CHATHAM	306	\$1,970,021	\$6,438
PRIBILOF ISLANDS	169	\$1,019,227	\$6,031
HAINES	351	\$2,076,912	\$5,917
LOWER YUKON	1,286	\$7,426,071	\$5,775
KODIAK	2,278	\$12,173,549	\$5,344
CORDOVA	390	\$2,005,432	\$5,142
WRANGELL	451	\$2,168,909	\$4,809
DELTA GREELY	1,084	\$4,802,648	\$4,430
VALDEZ	791	\$3,427,800	\$4,334
PETERSBURG	597	\$2,420,180	\$4,054
SITKA	1,654	\$6,232,285	\$3,768
FAIRBANKS	13,431	\$48,344,164	\$3,599
KETCHIKAN	2,439	\$8,606,730	\$3,529
JUNEAU	4,700	\$18,324,000	\$3,473
ADAK	607	\$2,092,326	\$3,447
KENAI	8,548	\$29,453,738	\$3,446
ANNETTE ISLAND	413	\$1,366,767	\$3,309
ANCHORAGE	40,674	\$128,900,000	\$3,169
MAT-SU	9,366	\$27,777,487	\$2,966
TOTAL	104,932	\$443,020,326	\$4,222

**TRANSITION DISTRICT

Exhibit A, p 3

SOURCE: DOE

SUMMARY TABLE 2:

ANALYSIS OF DISTRICT REVENUE PER ADM/WALL DISTRICTS

SCHOOL DISTRICT	ADM	TOTAL REVENUE:	TOTAL REVENUE:
		ALL SOURCES	ALL SOURCES
			BY ADM
NORTH SLOPE	1,155	\$29,445,000	\$25,494
ALEUTIANS	87	\$1,884,680	\$21,663
TANANA	78	\$1,361,841	\$17,460
LAKE AND PENINSULA	370	\$6,174,803	\$16,689
NENANA	126	\$2,088,648	\$16,577
YUKON FLATS	377	\$5,817,528	\$15,431
GALENA	146	\$2,153,502	\$14,750
SOUTHWEST	486	\$6,778,243	\$13,947
IDITAROD	399	\$5,339,021	\$13,381
ST. MARYS	115	\$1,529,100	\$13,297
KUSPUK	408	\$5,346,300	\$13,104
YUPIIT	285	\$3,727,899	\$13,080
KASHUNAMIUT	166	\$2,167,382	\$13,057
BERING STRAITS	1,233	\$16,069,905	\$13,033
YUKON KOYUKUK	596	\$7,448,146	\$12,497
CHUGACH	129	\$1,525,890	\$11,829
PELICAN	54	\$635,991	\$11,778
LOWER KUSKOKWIM	2,675	\$31,498,809	\$11,775
UNALASKA	141	\$1,657,600	\$11,756
BRISTOL BAY	241	\$2,791,450	\$11,583
LOWER YUKON	1,286	\$14,033,103	\$10,912
PRIBILOF ISLANDS	169	\$1,818,008	\$10,757
KAKE	202	\$2,165,463	\$10,720
NORTHWEST ARCTIC**	1,526	\$16,280,137	\$10,669
VALDEZ	791	\$8,345,882	\$10,551
KING COVE	120	\$1,245,602	\$10,380
RAILBELT	357	\$3,517,186	\$9,852
CHATHAM	306	\$2,978,177	\$9,733
DILLINGHAM	465	\$4,365,215	\$9,388
KLAWOCK	156	\$1,456,784	\$9,338
SOUTHEAST ISLANDS	458	\$4,218,594	\$9,211
YAKUTAT	157	\$1,434,318	\$9,136
ALASKA GATEWAY	516	\$4,682,390	\$9,074
HYDABURG	97	\$873,283	\$9,003
SAND POINT	115	\$1,013,257	\$8,811
HOONAH	214	\$1,756,097	\$8,206
HAINES	351	\$2,849,882	\$8,119
NOME	850	\$6,825,745	\$8,030
COPPER RIVER	575	\$4,474,705	\$7,782
CRAIG	186	\$1,430,863	\$7,693
SKAGWAY	136	\$1,032,699	\$7,593
ANNETTE ISLAND	413	\$3,107,592	\$7,524
ADAK	607	\$4,506,942	\$7,425
CORDOVA	390	\$2,852,897	\$7,315
KODIAK	2,278	\$15,559,029	\$6,830
DELTA GREELY	1,084	\$6,705,881	\$6,187
WRANGELL	451	\$2,774,838	\$6,153
SITKA	1,654	\$9,928,422	\$6,003
KETCHIKAN	2,439	\$14,547,013	\$5,964
FAIRBANKS	13,431	\$80,090,973	\$5,963
KENAI	8,548	\$50,538,788	\$5,912
MAT-SU	8,366	\$51,414,806	\$5,490
JUNEAU	4,700	\$25,575,000	\$5,441
PETERSBURG	597	\$3,224,180	\$5,401
ANCHORAGE	40,674	\$209,122,830	\$5,141
TOTAL	104,832	\$702,187,327	\$6,692

**TRANSITION DISTRICT

Exhibit A, p. 8

SOURCE: DOE

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%	\$234,453	\$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	\$382.17
TOTAL	91,950	100.00%	\$14,044,982	\$152.75

EXHIBIT B, p. 5

**TRANSITION DISTRICT (REF: AS14.17.210)

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	\$748,731	\$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

TABLE 4E:

RANKED REAA ESTIMATED P.L. 81-874 REVENUES PER ADM

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
KASHUNAMIUT	166	\$750,000	\$4,518	35%	53%
SOUTHWEST	486	\$2,155,859	\$4,436	32%	51%
PRIBILOF ISLANDS	169	\$748,781	\$4,431	41%	73%
LOWER YUKON	1,260	\$5,413,552	\$4,210	39%	73%
ALEUTIANS	87	\$355,000	\$4,080	19%	26%
ANNETTE ISLAND	413	\$1,639,104	\$3,969	53%	120%
LAKE AND PENINSULA	370	\$1,322,008	\$3,573	21%	28%
KUSPUK	408	\$1,440,106	\$3,530	27%	40%
ADAK	607	\$2,104,016	\$3,466	47%	101%
BERING STRAITS	1,233	\$4,141,068	\$3,359	26%	37%
CHATHAM	306	\$964,156	\$3,151	32%	49%
YUKON KOYUKUK	596	\$1,721,696	\$2,889	23%	32%
LOWER KUSKOKWIM	2,675	\$7,100,000	\$2,654	23%	30%
IDITAROD	399	\$1,038,030	\$2,602	19%	25%
YUKON FLATS	377	\$714,000	\$1,894	12%	14%
SOUTHEAST ISLANDS	458	\$849,550	\$1,855	20%	29%
ALASKA GA. EWAY	516	\$775,872	\$1,504	17%	22%
DELTA GREELY	1,084	\$1,252,226	\$1,155	19%	26%
CHUGACH	129	\$140,000	\$1,085	9%	10%
RAILBELT	357	\$100,000	\$280	3%	3%
COPPER RIVER	575	\$135,000	\$235	3%	4%
YUPIIT	285	\$0	\$0	0%	0%
TOTAL	12,982	\$34,860,024	\$2,685	24%	34%

Exhibit B, p. 7

TABLE 4:

REAA TOTAL REVENUE/ALL SOURCES

SCHOOL DISTRICT	ADM	FY87 STATE FOUNDATION ENTITLEMENT (EST)	P.L. 81-874 FY87 ESTIMATED REVENUE	MISCELLANEOUS REVENUE: TOTAL ALL SOURCES	TOTAL REVENUE: ALL SOURCES	TOTAL REVENUE: ALL SOURCES/ADM
ADAK	607	\$2,092,326	\$2,104,016	\$310,600	\$4,506,942	\$7,425
ALASKA GATEWAY	516	\$3,559,313	\$775,872	\$347,205	\$4,682,390	\$9,074
ALEUTIANS	37	\$1,370,960	\$355,000	\$158,728	\$1,884,688	\$21,663
ANNETTE ISLAND	413	\$1,366,767	\$1,639,104	\$101,721	\$3,107,592	\$7,524
BERING STRAITS	1,233	\$11,193,524	\$4,141,068	\$735,313	\$16,069,905	\$13,033
CHATHAM	306	\$1,070,021	\$964,156	\$44,000	\$2,978,177	\$9,733
CHUGACH	129	\$1,370,890	\$140,000	\$15,000	\$1,525,890	\$11,829
COPPER RIVER	575	\$3,838,705	\$135,000	\$501,000	\$4,474,705	\$7,782
DELTA GREELY	1,084	\$4,802,648	\$1,252,226	\$652,007	\$6,706,881	\$6,187
IDITAROD	399	\$4,134,454	\$1,038,030	\$166,537	\$5,339,021	\$13,381
KASHUNAMIUT	166	\$1,417,382	\$750,000	\$0	\$2,167,382	\$13,057
KUSPUK	408	\$3,644,698	\$1,440,106	\$261,496	\$5,346,300	\$13,104
LAKE AND PENISULA	370	\$4,647,795	\$1,322,008	\$205,000	\$6,174,803	\$16,689
LOWER KUSKOKWIM	2,675	\$23,996,368	\$7,100,000	\$402,441	\$31,498,809	\$11,775
LOWER YUKON	1,286	\$7,426,071	\$5,413,552	\$1,193,480	\$14,033,103	\$10,912
PRIBILOF ISLANDS	169	\$1,019,227	\$748,781	\$50,000	\$1,818,008	\$10,757
RAILBELT	357	\$3,174,347	\$100,000	\$242,839	\$3,517,186	\$9,852
SOUTHEAST ISLANDS	458	\$2,952,223	\$849,550	\$416,821	\$4,218,594	\$9,211
SOUTHWEST	486	\$4,206,731	\$2,155,859	\$415,653	\$6,778,243	\$13,947
YUKON FLATS	377	\$4,935,528	\$714,000	\$168,000	\$5,817,528	\$15,431
YUKON KOYUKUK	596	\$5,429,081	\$1,721,696	\$297,369	\$7,448,146	\$12,497
YUPIIT	285	\$3,667,899	\$0	\$60,000	\$3,727,899	\$13,080
TOTAL	12,982	\$102,216,958	\$34,860,024	\$6,745,210	\$143,822,192	\$11,079

Exhibit B, p. 8

TABLE 2B:

MAJOR REVENUE BY SOURCE FOR CITY/BOROUGH DISTRICTS

SCHOOL DISTRICT	ADM	FY87 CITY/BOROUGH APPROPRIATION PER ADM	STATE FOUNDATION PER ADM	P.L. 81-874 PER ADM	TOTAL REVENUE MAJOR SOURCES PER ADM
ANCHORAGE	40,674	\$1,561	\$3,169	\$0.00	\$4,730
BRISTOL BAY	241	\$166	\$8,950	\$1268.13	\$10,384
CORDOVA	390	\$1,603	\$5,142	\$30.38	\$6,775
CRAIG	186	\$58	\$7,265	\$178.51	\$7,501
DILLINGHAM	465	\$215	\$7,792	\$860.22	\$8,867
FAIRBANKS	13,431	\$1,597	\$3,599	\$3.72	\$5,200
GALENA	146	\$34	\$10,663	\$2939.91	\$13,637
HAINES	351	\$1,108	\$5,917	\$85.47	\$7,111
HOONAH	214	\$47	\$6,654	\$1146.29	\$7,848
HYDABURG	97	\$12	\$8,975	\$0.00	\$8,987
JUNEAU	4,700	\$1,755	\$3,473	\$7.66	\$5,236
KAKE	202	\$74	\$7,692	\$2253.71	\$10,020
KENAI	8,548	\$2,129	\$3,446	\$23.40	\$5,598
KETCHIKAN	2,439	\$2,213	\$3,529	\$8.20	\$5,750
KING COVE	120	\$83	\$9,215	\$475.33	\$9,773
KLAWOCK	156	\$0	\$7,507	\$1261.92	\$9,168
KODIAK	2,278	\$967	\$5,344	\$116.93	\$6,427
MAT-SU	9,366	\$2,078	\$2,966	\$0.00	\$5,044
NENANA	126	\$397	\$9,150	\$47.62	\$9,594
NOME	850	\$242	\$7,153	\$94.12	\$7,489
NORTH SLOPE	1,155	\$11,156	\$8,485	\$5714.29	\$25,355
NORTHWEST ARCTIC**	1,526	\$0	\$7,755	\$2444.57	\$10,200
PELICAN	54	\$259	\$11,333	\$0.00	\$11,592
PETERSBURG	597	\$1,095	\$4,054	\$8.38	\$5,158
SAND POINT	115	\$870	\$7,775	\$0.00	\$8,644
SITKA	1,654	\$1,801	\$3,768	\$72.55	\$5,641
SKAGWAY	136	\$353	\$7,140	\$0.00	\$7,493
ST. MARY'S	115	\$0	\$10,949	\$1739.13	\$12,688
TANANA	78	\$26	\$13,583	\$3005.81	\$16,615
UNALASKA	141	\$1,227	\$8,245	\$1347.52	\$10,820
VALDEZ	791	\$5,169	\$4,334	\$25.28	\$9,527
WRANGELL	451	\$1,193	\$4,809	\$0.00	\$6,002
YAKUTAT	157	\$182	\$7,979	\$382.17	\$8,543
TOTAL	91,950	\$1,756	\$3,706	\$152.75	\$5,615

Exhibit B, p. 9

**TRANSITION DISTRICT (REF: AS14.17.210)

TABLE 2A:

DISTRICT RANKINGS BY MAJOR REVENUE SOURCES

SCHOOL DISTRICT	ADM	FY87 CITY/BOROUGH APPROPRIATION PER ADM	STATE FOUNDATION PER ADM	P.L. 81-874 PER ADM	TOTAL REVENUE: MAJOR SOURCES PER ADM
NORTH SLOPE	1,155	\$11,156	\$8,485	\$5714.29	\$25,355
TANANA	78	\$26	\$13,583	\$3005.81	\$16,615
GALENA	146	\$34	\$10,663	\$2939.91	\$13,637
ST. MARY'S	115	\$0	\$10,949	\$1739.13	\$12,688
PELICAN	54	\$259	\$11,333	\$0.00	\$11,592
UNALASKA	141	\$1,227	\$8,245	\$1347.52	\$10,820
BRISTOL BAY	241	\$166	\$8,950	\$1268.13	\$10,384
NORTHWEST ARCTIC*	1,526	\$0	\$7,755	\$2444.57	\$10,200
KAKE	202	\$74	\$7,692	\$2253.71	\$10,020
KING COVE	120	\$83	\$9,215	\$475.33	\$9,773
NENANA	126	\$397	\$9,150	\$47.62	\$9,594
VALDEZ	791	\$5,169	\$4,334	\$25.28	\$9,527
KLAWOCK	156	\$0	\$7,507	\$1661.92	\$9,168
HYDABURG	97	\$12	\$8,975	\$0.00	\$8,987
DILLINGHAM	465	\$215	\$7,792	\$860.22	\$8,867
SAND POINT	115	\$870	\$7,775	\$0.00	\$8,644
YAKUTAT	157	\$182	\$7,979	\$382.17	\$8,543
HOONAH	214	\$47	\$6,654	\$1146.29	\$7,848
CRAIG	186	\$58	\$7,265	\$178.51	\$7,501
SKAGWAY	136	\$353	\$7,140	\$0.00	\$7,493
NOME	850	\$242	\$7,153	\$94.12	\$7,489
HAINES	351	\$1,108	\$5,917	\$85.47	\$7,111
CORDOVA	390	\$1,603	\$5,142	\$30.38	\$6,775
KODIAK	2,278	\$967	\$5,344	\$116.93	\$6,427
WRANGELL	451	\$1,193	\$4,809	\$0.00	\$6,002
KETCHIKAN	2,439	\$2,213	\$3,529	\$8.20	\$5,750
SITKA	1,654	\$1,801	\$3,768	\$72.55	\$5,641
KENAI	8,548	\$2,129	\$3,446	\$23.40	\$5,598
JUNEAU	4,700	\$1,755	\$3,473	\$7.68	\$5,236
FAIRBANKS	13,431	\$1,597	\$3,599	\$3.72	\$5,200
PETERSBURG	597	\$1,095	\$4,054	\$8.38	\$5,158
MAT-SU	9,366	\$2,078	\$2,966	\$0.00	\$5,044
ANCHORAGE	40,674	\$1,561	\$3,169	\$0.00	\$4,730
TOTAL*	91,950	\$1,756	\$3,706	\$152.75	\$5,615

Exhibit B, p-10

**TRANSITION DISTRICT (REF: AS14.17.210)

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. MARYS	115	0.13%	\$200,000	\$1739.13				
TANANA	78	0.08%	\$234,453	\$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	\$382.17				
TOTAL	91,950	100.00%	\$14,044,982	\$152.75				

Exhibit B, p 11

DISTRICT BY DISTRICT
AND SCHOOL BY SCHOOL
ANALYSIS OF PUPILS
AND CERTIFICATED
EMPLOYEES IN SCHOOLS
OF VARIOUS SIZES

Where teachers are listed the total number of teachers at the school is listed first, then within the first parentheses, the number of administrator at the school is listed, and, within the second parentheses, the number of special program personnel at the school is listed—special education, gifted and talented and bilingual. The number of classroom teachers can be calculated by subtracting from certificated employees the following:

- (1) Administrators in the first pair of parentheses
- (2) Special program personnel in the second pair of parentheses

Source: Alaska Education
Directory 1986
Published by Alaska
Department of Education
based on enrollment
statistics for
1984-85 school year

The ratio of certificated employees to pupils and of headquarters certificated employees to pupils is steadily decreasing from the numbers reported by the school districts for the FY 1984-85 year.

Frontiersman Jan 23, 1987 page 6

Deep cuts proposed for schools' staff

By CONNIE BRANDEL

Frontiersman staff

MAT-SU—Rumors, guesses and possibilities turned into cold, hard facts and figures Wednesday when the Mat-Su School Board got its first look at the district's proposed 1987-88 budget.

To absorb a predicted 15-percent cut in state funding, the district's budget was cut by more than \$5 million, from a revised 1986-87 budget of \$53.5 million to just over \$48 million next year.

State funding will drop from \$31.5 million to \$26.4 million next year, and federal funding will drop from \$1.2 million to \$990,000. The budget assumes borough support will be unchanged at \$19.4 million.

The board also received a list of items and programs that disappeared in the administration's preliminary budget, and discussed priorities for rearranging final budget expenditures.

Superintendent Bruce DeMond gave the board a list of existing items that were eliminated from the preliminary budget. Depending on board and community priorities—and finding sufficient money in the budget—those items can be reinstated by the board.

Among the items missing from the preliminary budget are:

- About 67.5 certificated staff positions, including teachers and building administrators. DeMond said the cuts were based on a formula

that reduced each building's teacher allocation by 15 percent.

That number includes the equivalent of nearly four full-time principals and assistant principals. DeMond said one position would be cut from full to half-time at small elementary schools and at junior and senior high schools with multiple administrators.

- Nearly 30 classified staff positions, including classroom aides, bilingual-bicultural tutors, and activity bus drivers.

- Funding for Wasilla Elementary School, which would be closed and the kindergarten students assigned to Iditarod or Tanaina schools.

- Elementary swimming program.

- Remedial reading program.

- Sherrod strings program.

- Elimination of the district's per-school contribution for extra-curricular activities. The exact activities to be cut have not been identified.

- The assistant personnel director, public information officer, and several warehouse, accounting and transportation employees.

By consensus the board agreed that its highest priority in further budget deliberations is to maintain the lowest possible pupil-teacher ratio.

Also mentioned as high priorities were maintaining accreditation of the district schools, complying with state and federal regulations, and minimizing the number of
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Schools

(Continued from Page 1)

employees layed off.

The reduction of 67 certificated staff positions includes 56 classroom teachers, which will have a significant impact on classroom PTRs, DeMond said.

Current PTR figures, based on actual classroom teaching assignments without music and physical education teachers and librarians, range from about 21 students per teacher at the kindergarten level to nearly 27 per teacher at the sixth grade level.

According to next year's budget, the average PTRs will range from 24.3 at the kindergarten level to 31 in the fourth grade and 27.7 in the sixth grade. However, the PTR for the elementary grades at several schools ranged from 35 to 38 students.

At the high school level, where teachers teach five or six sections per day, each teaching position eliminated means that many fewer class sections can be offered, DeMond said. The average high school PTR is expected to rise from the current 19.5 students per teacher to 23 students per teacher next year, and some classes could range as high as 40 students.

Assistant Superintendent Norm Palenske said that according to research studies, the district's current PTRs probably are well within limits conducive to learning at all grade levels.

However, as proposed in the budget, some of next year's PTRs probably exceed those standards, Palenske said. Board members asked him to report on the maximum acceptable PTRs indicated in the research at a

future workshop session.

DeMond estimated that lowering the average pupil-teacher ratio by one student at all elementary schools would require between 10 and 12 additional teaching positions for a cost of about \$500,000. Unless the board can find other sources of revenue, that money would have to be cut from an item or program still in the budget, he said.

The administration's preliminary budget includes a \$600,000 reduction in transportation costs by implementing a triple-tier schedule.

In that plan, district schools would have three, rather than two, staggered starting times, meaning many buses would make additional daily runs and fewer buses would be needed. The plan would probably work only in the Palmer and Wasilla areas where schools are relatively close, DeMond said.

Other issues under consideration by the board include:

- A reduction in wages or elimination of step increases for next year. DeMond imposed a wage freeze last fall as the state's budget situation worsened, and the district is still negotiating with teachers for a contract for the current year.

- No funding was included in the preliminary 1987-88 budget for additional salary or step increases.

- Shortening the workday to seven hours for classified employees.

- Increasing the secondary school schedule from six to seven periods, either by shortening the periods or lengthening the school day.

New
PTR
K. 21:1
6 27:1

New:
PTR
High School
from 19.5:1
to
23:1
some classes
up to 40:1

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. Personnal 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
Brist 1 Bay	16	1	16.0										219	23	9.5							241	2	120.50
Cordova													168	22	7.6	170	18	9.4	218	17	12.8	388	1	388.00
Craig																166	26	6.4	245	21	11.7	411	9	45.67
Dillingham							40	6	6.7				177	17	10.4	571	56	10.2	11,074	755		12,708	34	373.76
Fairbanks													138	22	6.3							138	2	69.00
Galena																390	39	10.0				390	2	195.00
Haines													211	19	11.1							211	1	211.00
Hoonah																108	13	8.3				108	1	108.00
Hydaburg																						108	1	108.00
Juneau	13	1	13.0				37	5	7.4				206	27	7.6				4,519	317	14.3	4,569	28	163.48
Kake													297	30	9.9							206	5	41.20
Kenai				21	2	10.5	120	14	8.6	43	4	10.8	297	30	9.9	5	59	9.6	7,085	482	14.7	8,130	27	301.11
Ketchikan				18	2	9.0	40	4	10.0				178	4	44.5				2,281	165	13.8	2,517	14	179.79
King Cove													114	15	7.6							114	1	114.00
Klawock							31	4	7.6	46	5	9.2	78	4	19.5							155	7	22.14
Kodiak							152	16	9.5	62	7	8.9	177	20	8.9				1,912	124	15.4	2,303	14	164.50
Mat-Su	13	2	13.5				72	10	7.0	59	6	9.	96	11	8.7	158	9	10.8	7,885	511	15.4	8,437	42	200.88
Nenana													184	22	8.4							184	1	184.00
Nome																			741	71	10.4	741	10	74.10
North Slope							96	23	4.2	127	21	6.1	111	13	8.5	138	18	7.7	556	71	7.8	1,028	18	57.11
Pelican										42	6	7.0										42	2	21.00
Petersburg																			571	46	12.4	571	1	571.00
Sand Point													109	10	10.4							109	2	54.50
Sitka													221	17	13.0				1,298	86	15.1	1,651	3	550.33
Skanaway																132	8	16.5				134	3	44.67
St. Mary's							29	6	4.8				72	5	14.4	134	11	12.2				101	4	25.25
Tanana										66	11	6.0										66	1	66.00
Unalaska										128	14	9.1										128	3	42.67
Valdez													71	9	7.9	299	22	13.6	204	20	10.2	783	5	156.60
Wrangell																			458	38	12.1	464	2	232.00
Yakutat													164	20	8.2							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, P 4

School District	1-16	17-24	25-40	41-70	71-120	121-200	200 plus																												
Adak					77	10	7.7	186	23	8.1	325	27	12.3	531	4		132.75																		
Alaska Gateway			60	7	8.6									447	5		89.40																		
Aleutians	13	3	4.3	61	9	6.8		28		9.3				102	3		34.00																		
Annette Isl.														338	4		84.50																		
Bering Straits			18	1	18.0	92	16	5.6	259	29	8.9	87	8	10.9	704	68	10.4	222	19	11.7	1,160	25		46.40											
Chatham	14	5	2.8	24	2	12.0		62	7	8.9				161	20	8.1					270	2		135.00											
Chugach				24	2	12.0		29	4	7.3	55	7	7.9									108	4		27.00										
Copper River	9	1	9.0	23	3	7.7		30	2	15.0	118	11	10.7	118	4	29.5						174	17	10.2		569	2		284.50						
Delta Gravelly																										932	66	14.12		932	9		103.56		
Iditarod	61	10	6.1	24	2	12.0		31	3	10.3	135	15	9.0									138	15	9.2					389	13		29.92			
Kashunamiut																						166	21	7.9					166	2		83.00			
Kuspuk	29	6	4.8	22	4	5.5		83	11	7.6	104	13	8.0	114	13	8.8													352	14		25.14			
Lake & Peninsula	52	8	6.5	56	7	8.0		59	11	5.1	159	23	6.9																326	6		54.33			
Lower Kuskokwim	47	9	5.2	20	4	5.0		129	36	3.6	285	39	7.3	497	59	8.4	278	29	9.6	897	60	15.0	2,248	18								124.89			
Lower Yukon								73	10	7.3				354	33	10.7	650	62	10.5	219	19	11.5	1,296	11								117.82			
Pribilof Isl.				20	2	10.0																							131	14	9.4		161.00		
Railbelt	13	1	13.0					33	3	11.0				114	12	9.5	184	15	12.3										161	1		161.00			
Southeast Isl.	54	10	5.4	82	10	8.2		35	4	8.6	64	7	9.1	92	10	9.2													344	5		68.80			
Southwest	14	2	7.0	24	2	12.0		76	11	6.9	44	5	8.8	187	23	8.1	136	15	9.1										327	11		29.73			
Yukon Flats	39	7	5.6	32	4	8.0		91	8	11.4	65	7	9.3	118	14	8.4													496	12		41.33			
Yukon Koyukuk	13	2	6.5	60	7	8.6		38	5	7.6	226	26	8.7	102	11	9.2													359	15		23.93			
Yupit								39	5	7.8	152	16	9.5	88	7	12.6													439	23		19.09			
N.W. Arctic	12	1	2.0	17	2	8.5		94	11	8.5	481	65	7.4	275	23	12.0	129	23	12.0	286	26	11.0	1,343	10								128	1		128.00
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, p. 5

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 Anchorage	40562	2630	88	2543	2000	15.4	16.0	20.2
2 Fairbanks	12708	927	34	893	747	13.7	16.6	17.1
3 Mat-su	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	46	12.4	12.9	10.8
20 Cordova	388	36	1	35	31	16.7	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, p. 6

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	396	4.1	2	39	3.1	9.5	10.0	12.6
3 Hoonah	211	2.0	1	19	15	10.6	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	17.9
10 Kuspuk	357	6.1	14	47	43	5.8	7.5	8.2
11 Lake and Peninsula	326	5.3	6	47	45			
12 Lower Kuskokwim	248	2.57	18	23.9	19.2	8.7	9.4	11.7
13 Lower Yukon	1296	13.8	11	127	102	9.3	10.1	12.7
14 Nenana	184	2.3	1	22	17	8.0	8.4	15.8
15 Nome	741	7.1	10	61	47	12.4	12.3	15.8
16 North Slope	1628	16.4	18	146	112	6.4	7.0	9.2
17 Northwest	1343	15.4	19	144	125	8.7	9.3	10.7
18 Pelican	42	3	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 Railbelt	744	3.7	5	32	28	9.3	10.8	12.3
22 St Mary's	101	1.5	4	11	10	6.7	7.1	10.1
23 Sand Point	109	1.2	2	10	9	7.1	10.9	12.1
24								
25								

Exhibit C, p. 7

	District	Enrollment	Cert Pers	Cert Pers at Hg	Cert Pers at schals	Class room teachers	Cert pers to pupils	Cert pers at school to pupils	Classroom teachers to pupils
1	Stagway	134	14	3	11	10	9.6	12.1	13.4
2	Southeast Island	327	52	1.1	4.1	4.1		8.0	8.0
3	Southwest Region	1916	70	1.2	5.8	4.8	7.1	8.0	10.3
4	Tanana	66	12	1	1.1	9	6.0	7.3	11.0
5	Unalaska	128	17	3	1.4	12	7.5	9.1	10.6
6	Valdez	783	71	5	6.6	4.1	11.0	14.7	19.1
7	Wrangell	464	40	2	3.8	3.2	11.6	12.7	14.9
8	Yakutat	164	22	2	2.0	1.5	7.5	8.2	10.9
9	Yukon Flats	359	55	1.5	4.0	3.8	6.5	9.0	9.5
10	Yukon Koyukuk	437	74	2.3	5.1	4.2	5.9	8.6	10.5
11	Yupit	128	29	1	2.8	2.6	4.4	4.5	4.9
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									

Exhibit C, p 8

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/NO 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
				1-16	17-24		25-40			41-70			71-120			121-200		
1 ANCHORAGE																201 plus		
1 Abbot Loop E	735	25														735	25(1)(6)	
2 Airport Hgts F	354	22														354	22(1)(4)	
3 Aurora E	523	28														523	28(1)(4)	
4 Bartlett SHS	1635	99														1635	99(3)(9)	
5 Baxter E	498	28														498	28(1)(9)	
6 Bayside E	466	24														466	24(1)(2)	
7 Bear Valley E	489	25														489	25(1)(1)	
8 Birchwood E	424	21														424	21(1)(1)	
9 Booth Second					22	2(0)(2)												
10 Campbell E	443	23														443	23(1)(3)	
11 Career Center		58														0	58(7)(3)	
12 Central JHS	670	40														670	40(1)(10)	
13 Ches. Vall.E	374	19														374	19(1)(1)	
14 Chinook E	548	26														548	26(1)(2)	
15 Chugach E	221	13														221	13(1)(1)	
16 Chugiak E	614	28														614	28(1)(3)	
17 Chugiak HS	1302	76														1302	76(4)(7)	
18 Clark JHS	824	47														824	47(2)(4)	
19 College Gate F	355	18														355	18(1)(2)	
20 Crkside Park E	341	18														341	18(1)(2)	
21 Donali Fund F	227	41														227	41(1)(24)	

Exhibit 6, p. 9

School District

School District	Enrollment	No. of Certificated Personnel <i>See Note 5</i>	Pupil/NO Cert. Personnel Ratio	1-16		17-24		25-40		41-70		71-120		121-200		201 plus	
				No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.	No. of Pupils	No. of Cert. Pers.
Diamond HS	1257	104															1857 104(1)(12)
Eagle River E	658	22															658 22(1)(2)
East HS	1744	102															1744 102(3)(7.5)
Fairview E	317	19															317 19(1)(5)
Fire Lake E		26															26(1)(2)
Girdwood K-B	100	8										100	8(1)(1)				
Gladys Wood E	672	33															672 33(1)(1)
Gov't Hill E	254	15															254 15(1)(2)
Gruening JHS	78	47															780 47(2)(5)
Hanshaw JHS	1226	63															1226 63(2)(6)
Homestead E	555	26															555 26(1)(1)
Huffman E	502	25															502 25(1)(1)
Inlet View E	255	14															255 14(1)(1)
Jes L. Hm 1-12	34	4						34	4(0)(4)								
Kennedy E	232	14															232 14(1)(1)
Klatt E	546	31															546 31(1)(5)
Lake Otis E	454	21															454 21(1)(1)
M Kinley Hgts	17	1			17	1(0)(1)											
McLaughlin YC	116	17										116	17(1)(1)				
Nears JHS	948	55															948 55(2)(5)
Pount Hlinna	297	15															297 15(1)(1)
Purle		24															24(0)(1)

Exhibit C. 10

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS		
45 Mount Spur E	388	20		1-16			17-24			25-40			41-70			71-120			121-200	201 plus
46 Mt View E	645	35																		388 20(X)1
47 Muldoon E	385	21																		645 35(X)6
48 North Star E	441	23																		385 21(X)6
49 No. Lts. E	371	18																		441 23(X)3
50 Northwood	441	24																		371 18(X)6
51 Nunaka Valley E	343	17																		441 24(X)5
52 Ocean View E	489	25																		343 17(X)3
53 O'Malley E	525	27																		489 25(X)11
54 Orion E	296	18																		525 27(X)2
55 Prov. Hts	13	3		13	3(X)3															296 18(X)4
56 Ptarmigan E	382	20																		13 3(X)3
57 Rabbit Crk E	464	24																		382 20(X)4
58 Rab. Crk GH 7-12	6	1		6	1(X)1															464 24(X)2
59 Ravenwood E	615	31																		6 1(X)1
60 Rigel SpecServ	28	21																		615 31(X)2
61 Roger Park E	373	21																		28 21(X)19
62 Romig JMS	660	42																		373 21(X)4
63 Russian Jack E	362	27																		660 42(X)11
64 Sand Lake E	438	22																		362 27(X)4
65 Sav 1 Prg 10-12	223	13																		438 22(X)11
66 Scenic Park E	492	25																		223 13(X)11
																				492 28(X)2

Exhibit C, p. 11

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS
				1-16	17-24		25-40			41-70			71-120			121-200		
Service HS	1910	105																201 plus
Spring Hill E		27																1910 (05)(3)(5)
Steller HS	236	14																27(1)(2)
Susitna E	466	27																236 14(1)(0)
Taku E	455	19																460 27(1)(5)
Tudor E	637	29																455 19(0)(3)
Turnagain E	585	27																637 29(1)(1)
Ursa Major E	338	21																585 27(1)(1)
Ursa Minor E	342	18																338 21(1)(5)
Wendler JHS	1052	54																342 18(1)(1)
West Anch HS	1646	92																1082 54(2)(2)
Whaley Center	37	143																1646 92(5)(10)
Willawaw E	329	20																37 143(2)(99)
Willow Crest E	521	27																329 20(1)(3)
Wonder Park E	358	71																521 27(1)(3)
	40,562		88 460.93	19 4(0)(3)	39 3(0)(3)		34 4(0)(4)						216 25(2)(2)					358 71(1)(8)
FAIRRANKS																		39577 2523(96)+
Anderson E	540	23																540 23(1)(1)
Aurora E	174	14														174 14(1)(2)		
Lathrop HS	1150	77																1150 77(3)(5)
Nadger Road F	622	38																622 38(1)(7)
Barnette E	455	27																455 27(1)(1)

Exhibit C, P 12

School District	Enrollment	No. of Certified Persons at Schools	Pupil/RO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
W. Valley HS	824	61		1-16			17-24			25-40			41-70		
Woodriver E	507	32											121-30		
	12,708	893	34/374							40	6(1)(5)		177	17(2)(1)	571
MATSU															56(4)(7)
Big Lake E	451	25													11,920
Butte E	440	22													755(28)(9)
Cottonwd Ck E	703	32													451
Glacier View E	37	6								37	6(1)(5)				25(1)(2)
Iditarod E															440
Matsu Corresp.	314	8													22(1)(8)
Palmer HS	727	55													703
Palmer JHS	481	29													32(1)(3)
Pioneer Pk E		28													763
Pt McKenzie E		1		- 1(2)(1)											32(1)(3)
Sherrrod E	644	31													461
Skwentna E	13	1		3 1(1)(1)											29(1)(3)
Snowshoe E	673	31													71
Susitna V HS	151	14													27
Sutton E	59	6													55(1)(3)
Swanson E	592	27													481
Talkeetna E	96	11													29(1)(6)
Tennina E	382	29													28(1)(6)
															644
															31(1)(5)
															673
															31(1)(2)
															151
															14(1)(5)
															57
															6(1)(5)
															96
															11(1)(2)
															592
															27(1)(6)
															96
															11
															382
															29(1)(2)

Exhibit CIP 14

School District	Enrollment	No. of Certificated Persons	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS		
				11-16	17-24		25-40			41-70			71-120			121-200			200 plus	
1 Trappers Ck E	35	4					35 4(0)(0)													1045 79(3)(6.5)
0 Wasilla E		8																		760 50(2)(4)
1 Wasilla HS	1045	79																		
2 Wasilla JHS																				
13 Willow	158	9																		158 9(1)(1)
KENAI	8437	535	42 200.38	13 2(1)(0)			72 10(0)(1.5)			59 6(0)(.5)			96 11(1)(2)			309 23(2)(1.5)				7885 511(18)(46)
1 Bartlett E	86	12																		206 17(1)(2)
2 Chapman E	206	17																		
4 Crop. Land. E	36	4					36 4(0)(0)													
2 English Bay HS	43	4								43 4(0)(0)										
5 Homer Int. 4-6	125	12																		128 12(1)(0)
6 Homer JHS 7-8	232	12																		232 12(1)(2)
7 Homer HS	387	36																		387 36(2)(2)
8 Hope E	27	3					27 3(0)(0)													
9 Kalifonsky B.	490	31																		490 31(1)(6)
10 Kenai Ctral HS	688	56																		688 56(3)(6)
11 Kenai E	315	21																		315 21(1)(5)
12 Kenai JHS	403	27																		403 27(2)(4)
13 McNeil Canyon	101	7											101 7(1)(3)							
14 Moose Pass E	30	3					30 3(0)(0)													
14 Nikiski E	499	29																		499 29(2)(5)
14 NikolaevskE/H	134	11														134 11(1)(0)				

Exhibit C, p. 15

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS
				1-16	17-24		25-40			41-70	71-120		121-200	201 plus	
1. Minilchik E	150	17											150	17	
2. Paul Banks E	447	23											150	17(1)(3)	
3. Port Graham E	27	4					27	4(0)(0)							447 23(1)(5)
4. Razdolna E	21	2				21	2(0)(0)								373 26(1)(7)
5. Redoubt E	373	26													387 23(1)(8)
6. Seward E	387	23											152	19(0)(2)	
7. Seward HS	152	19													507 29(2)(4)
8. Soldotna E	507	29													795 59(3)(6)
9. Soldotna HS	795	59													433 34(2)(5)
10. Soldotna JHS	433	34													267 19(1)(4)
11. Sterling E	267	19													431 26(1)(6)
12. Sterling Searsl	431	26											110	11(1)(0)	
13. Susn B Eng.E/HS	110	11													225 14(1)(2)
14. Tustumena E	225	14													7085 482(2)(7)(P.C.)
	8130	591	27/301.11			21	2(0)(0)	120	14(0)(0)	43	4(0)(0)	297	30(3)(4)	564	59(3)(6)
JUNEAU															
1. AJ'S	37	5													467 31(1)(4)
2. Auke Bay E	467	31													316 22(1)(2)
3. Capital E	316	22													589 44(2)(3)
4. Floy Dry. Mid	589	44													275 21(1)(2)
5. Gastineau E	275	21													411 26(1)(3)
6. Glacier Val E	411	26													

Exhibit C, p. 16

School District	Enrollment	No. of Certificated Persons at 5-31-77	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS	No. of Pupils	No. of Cert. Pers.	PTRS			
				1-16			17-24			25-40			41-70			71-120			121-200	201 plus	
Hartor View E	315	22																			315 22(1)(4)
Jun. Douglas HS	1158	86																			1158 86(2)(3)
Mar. M Drake MS	473	33																			473 33(1)(3)
Menden. Riv K-8	495	32																			495 32(1)(3)
St. Judes Ctr	13	1		13	1(0)(0)																
	4969	323	28 163.18	13	1(0)(0)					37	5(0)(0)										4519 317(1)(27)
KETCHIKAN																					
Correspondence	178	4														178	4(0)(1)				
Fire Cove K-12	18	2					18	2(0)(0)													
Houghtaling E	540	31																			540 31(1)(3)
Ketchikan HS	655	50																			655 50(2)(3)
Revilla HS	40	4								40	4(0)(0)										
Schoenbar JHS	368	32																			368 32(1)(4)
Valley Pk E	337	26																			337 26(1)(3)
White Cliff E	379	26																			379 26(1)(3)
	2517	175	14 179.79				18	2(0)(0)		40	4(0)(0)					178	4(0)(1)				2251 165(6)(16)
KODIAK																					
Akhiok K-12	25	3								25	3(0)(5)										
Chiniak K-8	28	5								28	5(0)(1)										
East E	328	18																			328 18(1)(3)
Earluk K-10	30	3								30	3(0)(5)										
Correspondence	7	1								32	1(0)(0)										

Exhibit C, P 17

School District	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
Kodiak JHS	273	25		1-16	17-25		26-40			41-70			71-120			121-200	200 plus	
Kodiak /Aleuth	533	44															273 25(2)1	
Larson Bay K-12	62	7								62 7(1)(.5)							533 44(2)3.5	
Main E	468	20															468 20(1)(.4)	
Old Harbor K-12	100	12											100 12(1)(0)					
Ouzinkie 1-11	37	4								37 4(1)(.1)								
Petersen E	310	17															310 17(1)(.1)	
Port Lions K-1	77	8											77 8(1)(.1)					
	2303	167	14 164.50							152 16(1)(7.5)			177 20(2)(1)				1912 124(7)(15.5)	
SITKA																		
Baranof E	457	28															454 28(1)(4)	
Blatchley JHS	385	24															385 24(2)(4)	
Etolin St E	107	11											107 11(1)(2)					
Lincoln St E	114	6															114 6(0)(0)	
Ht. Edgecombe F	132	8															132 8(0)(4)	
Sitka HS	454	34															454 34(2)(3)	
	1651	111	3 550.33										107 11(1)(2)			246 14(0)(4)	1298 86(5)(11)	

EXHIBIT C, p. 18

School District	Enrollment	No. of Certificated Persons at School	Pupil/HQ Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	FRS	No. of Pupils	No. of Cert. Pers.	FRS	No. of Pupils	No. of Cert. Pers.	FRS	No. of Pupils	No. of Cert. Pers.	FRS	No. of Pupils	No. of Cert. Pers.	FRS
				1-16	17-25		26-40			41-70			71-120	120-200		200 plus		
ADAK																		
Ann Stevens E	345	28															345	28(1)(3)
Rob Reeve HS	186	23												186	23(1)(1)			
	531	51	4/132.75											186	23(1)(1)		345	28(1)(3)
LEUTIAN																		
Akutan	10	2		10	2(0)(0)													
Aka	22	4					22	4(0)(0)										
Gold Bay	25	3					28	3(0)(0)										
Else Pass	19	2					19	2(0)(0)										
Melson Lagoon	20	3					20	3(0)(0)										
Nikolski	3	1		3	1(0)(0)													
	102	15	3/34	3	3(0)(0)		71	9(0)(0)		28	3(0)(0)							
ANNETTE ISLAND																		
Atlakutna E	222	19												166	16(1)(1.5)		222	19(1)(3)
Atlakutna HS	166	16												166	16(1)(1.5)			
	388	4	4/97															

Exhibit C, p. 19

ool Biss
ADM)

School District	Enrollment	No. of Certificated Persons at 5/1/80	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	No. of Pupils	No. of Cert. Pers.	PERS	
ALASKA GATEWAY				1-16	17-24	25-30	41-70	71-120	121-200	200 plus									
1 Dot Lake	32	3				32 3(0)(.5)													
2 Engle Community	31	4				31 4(0)(.5)													
3 Hentosta Lake	18	2		18 2(0)(.5)															
4 Walter Hortonway	77	10						77 10(1)(1)											
5 Tanncross	20	3		20 3(0)(0)															
6 Tetlin	22	2		22 2(0)(.5)															
7 Tok	247	20																	247 20(1)(1)
BERING STRAITS	447	44	5/89.40	60 7(0)(1)	63 7(0)(1)			77 10(1)(1)											247 20(1)(1)
1 Anigwin	64	6					64 6(.5)(2)												
2 Anthony Andrews	87	8						87 8(1)(1)											
3 Previg Mission	34	6				34 6(.5)(.5)													
4 Diomed HS	43	5					43 5(0)(.1)												
5 Gmbell	133	14							133 14(1)(2)										
6 Golovin	28	4				28 4(.5)(1)													
7 James C Isabel	46	6					46 6(.5)(0)												
8 Koyuk Halemuit	52	6					52 6(.5)(1)												

Exhibit C, P. 20

School District	Enrollment	No. of Certificated Persons at 5/30/77	Pupil/MQ Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PRS	No. of Pupils	No. of Cert. Pers.	PRS	No. of Pupils	No. of Cert. Pers.	PRS	No. of Pupils	No. of Cert. Pers.	PRS	No. of Pupils	No. of Cert. Pers.	PRS
9 Setwonga	134	12		1-16			17-25			26-40			41-70			71-120		
10 Shaktoolik	5	0								5 6(5)(1)						121-200		
11 Shishmaref	138	14														134 12(2)(1)		
12 Stebbins	126	11														138 14(1)(1)		
13 Unalakleet	173	17														126 11(1)(1)		
14 Wales-Kingikme	18	1					18 1(0)(0)									173 17(1)(2)		
15 White Mountain	30	6								30 6(1)(0)								
	1160		25/46.40				60 7(0)(1)			125 17(1)(7)			205 23(15)(3)			164 18(2)(2)		
PRISTOL BAY																133 14(0)(2)		
1 Bristol Bay HS	109	14											109 4(1)(2)					
2 Haknek E	110	9											110 9(0)(1)					
3 South Haknek E	16	1		16 1(0)(0)														
	241		2/120.50	16 1(0)(0)									219 13(1)(3)					
CHATHAM																		
1 Angoon	161	20														161 20(1)(2)		
2 Corner Bay	-	1		- 1(0)(0)														
3 8 Fathom Bight	-	1		- 1(0)(0)														
4 Elfin Bay	-	1		- 1(0)(0)														
5 Gustavus	26	3								26 3(0)(1)								
6 Klukwan	36	4								36 4(0)(0)								
7 Tenakee	14	2		14 2(0)(0)														
	270	2	2/135.00	14 5(0)(0)						62 7(0)(1)						161 20(1)(2)		

Exhibit C, p. 21

1 Size
N)

School District	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personal Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS		
				1-16	17-24		25-40			41-70			71-120			121-200			201 plus	
CHUGACH																				
1 Chenega	24	2			24 2(0)(.5)		29 4(1)(1)													
2 Tatitlek	29	4								55 7(1)(0)										
3 Whittier	55	7					29 4(1)(1)			55 7(1)(0)										
	108	13	4/27.00		24 2(0)(.5)		29 4(1)(1)			55 7(1)(0)										
COPPER RIVER																				
1 Chistochina	30	2					30 2(0)(0)													
2 Copper Center	45	4								45 4(0)(1)										
3 Correspondence	52	2								52 2(0)(0)										
4 Gakona	23	3			23 3(0)(0)															
5 Glenallen E	118	4											118 4(0)(0)							
6 Glenallen HS	174	17														174 17(1)(1)				
7 Kenny Lake E	65	5								65 5(0)(0)										
8 Kenny Lake HS	54	6					54 6(1)(0)													
9 Paxon	9	1		9 1(0)(0)			84 8(1)(0)			62 11(0)(1)			118 4(0)(0)			174 17(1)(1)				
	569	44	3/284.50	9 1(0)(0)	23 3(0)(0)		84 8(1)(0)			62 11(0)(1)			118 4(0)(0)			174 17(1)(1)				
CORDOVA																				
1 Cordova HS	170	18														170 18(1)(1)			218 17(1)(4)	
2 Mt Eccles E	218	17																	218 17(1)(4)	
	388	35	1/388.00													170 18(1)(1)			218 17(1)(4)	
CRAIG																				
1 Craig HS	7	11											79 11(1)(0)							
2 Craig E	89	11											89 11(1)(2)							
	168	22	1/168.00										168 22(2)(2)							

Exhibit C. 22

1 District

	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
				1-16	17-24	25-40	41-70	71-120	121-200	201 plus								
BACH																		
ega	24	2			24 2(0)(5)		29 4(1)(1)											
tlek	29	4																
ttier	55	7																
	108	13	4/27.00		24 2(0)(5)	29 4(1)(1)	55 7(1)(0)											
ER																		
ER																		
tochina	30	2				30 2(0)(0)												
per Center	45	4					45 4(0)(1)											
espondence	52	2					52 2(0)(0)											
na	23	3			23 3(0)(0)													
nallen E	118	4						118 4(0)(0)										
nallen HS	174	17							174 17(1)(1)									
ny Lake E	65	5							65 5(0)(0)									
ny Lake HS	54	6				54 6(1)(0)												
ron	9	1		9 1(0)(0)														
	569	44	3/284.50	9 1(0)(0)	23 3(0)(0)	84 8(1)(0)	162 11(0)(1)	118 4(0)(0)	174 17(1)(1)									
NOVA																		
dova HS	170	18							170 18(1)(1)								218 17(1)(4)	
Eccles E	218	17																
	388	35	1/388.00															
MG																		
ip HS	79	11							79 11(1)(0)									
ip F	89	11							89 11(1)(2)									
	168	22	1/128.00						168 22(2)(2)									

Exhibit C, p 23

School District		Enrollment	No. of Certificated Persons at Schools	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS
					1-16	17-24		25-40			41-70	71-120		121-200			200 plus		
DELTA-GREELY																			
1	Delta Jct E	358	20															358 20(1)6	
2	Delta Jct HS	216	20															216 20(1)1	
3	Ft Greely E	358	26															358 26(1)1	
		932	66	170.356														932 66(2)13	
DILLINGHAM																			
1	Dillingham E													245	21(1)6				
2	Dillingham HS	411		9/45.67										166	26(1)11				
														411	47(2)7				
GALENA																			
1	Galena E	82	9											82	9(0)2				
2	Galena HS	56	13											56	13(0)2				
		138	22	2/69.00										138	22(0)4				
HAINES																			
1	Haines E	178	18	1															
2	Haines HS	112	15											112	15(1)3				
3	Haines JHS	81	4											81	4(0)0				
4	Mosquito Lk E	19	2			19	2(0)0							19	19(1)3				
		390		2/195.00		19	2(0)0							178	18(1)3				
HOONAH																			
1	Hoonah E	119	9											119	9(1)1				
2	Hoonah HS	92	10											92	10(1)1				
		211	19	1/211.00										211	19(2)2				

Exhibit C p 24

School District	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	
				1-16			25-40			41-70			71-120			121-200			201 p/45
HYDABURG										61 5(0)(1)									
1 Hydaburg E										47 8(1)(.5)									
2 Hydaburg HS	108		1/108							108 13(1)(1.5)									
IDITAROD																			
1 Blackwell	15	2		15 2(0)(0)															
2 Davin-Lewis	66	7								66 7(0)(0)									
3 Holy Cross	69	8								69 8(0)(1)									
4 Correspondence	16	2		16 2(0)(0)															
5 Innoko River	31	3					31 3(0)(0)												
6 Lime Village	7	1		7 1(0)(0)															
7 McGrath	138	15											138 15(1)(1)						
8 Takotna	13	4		13 4(0)(0)															
9 Telida	10	1		10 1(0)(0)															
10 Top-Kuskokwim	24	2					24 2(0)(0)												
	389	45	3/29.92	61 10(0)(0)			24 2(0)(0)			31 3(0)(0)			135 (15)(0)(1)			138 15(1)(1)			
KAKE																			
1 Kake E																120 10(1)(1)			
2 Kake HS	206		5/41.20										86 17(1)(1)			120 10(1)(1)			
													86 17(1)(1)						
KASHUNAHUUT																			
1 Chevak	166		2/83.00													166 21(1)(6)			
	166															166 21(1)(6)			

Exhibit C, p 25

School District	Enrollment	No. of Certificated Persons at 5/31/05	Pupil/NO Cert. Personal Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
				1-16	17-24	25-40	41-70	71-120	121-200	201 plus								
KING COVE																		
1 King Cove	114	15						114 15(0)(2)										
	114	15	114					114 15(0)(2)										
KLAWOCK																		
1 Klawock E	78	4						78 4(0)(1)										
2 Klawock HS	46	5					46 5(0)(1)											
3 Klawock JHS	31	4				31 4(0)(0)												
	155	13	7/22/14			31 4(0)(0)		46 5(0)(1)										
KUSPUK																		
1 Aniak	114	13						114 13(1)(2)										
2 Chuathbaluk	25	3				25 3(0)(0)												
3 Crooked Creek	32	4				32 4(0)(0)												
4 Geo. Mgn Sr HS	52	8						52 8(1)(1)										
5 Gus. Michael h	22	4			22 4(0)(0)													
6 Correspondence	12	1		12 1(0)(0)														
7 Lower Kalskap	52	5						52 5(0)(.5)										
8 Red Devil	8	4		8 4(0)(0)														
9 Sleet Mute	26	4				26 4(0)(0)												
10 Upper Kalskap	9	1		9 1(0)(0)														
	352	47	1/25.14	29 6(0)(0)	22 4(0)(0)	83 11(0)(0)	104 13(1)(1.5)	114 13(1)(2)										
LAKE AND PENINSULA																		
1 Chignik	17	3			17 3(0)(0)													
2 Chignik Lagoon	21	3			21 1(0)(0)													

Exhibit C, p 26

School District	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS							
3 Chignik Lake				1-16			17-24			25-40			41-70			71-120			121-200			201 plus			
4 Egekik	8	1		8	1 (0)(0)								44	6 (0)(0)											
5 Igiugig	7	1		7	1 (0)(0)																				
6 Ivanof Bay	9	1		9	1 (0)(0)																				
7 Kokhanok	26	3					26	3 (0)(0)																	
8 Newhalen	64	10											64	10 (0)(1)											
9 Nondalton	51	7											51	7 (5)(0)											
10 Pedro Bay	9	2		9	2 (0)(0)																				
11 Perryville	33	8					33	8 (0)(.5)																	
12 Pilot Point	10	2		10	2 (0)(0)																				
13 Port Alsworth	9	1		9	1 (0)(0)																				
14 Port Heiden	18	3					18	3 (0)(0)																	
LOWER KUSKOKWIM	326	47	1/54.33	52	8 (0)(0)		66	7 (0)(0)		59	11 (0)(.5)		159	23 (5)(1)											
1 Akul Elit-Nau.																82	14 (1)(6)								
2 Anna Tobeluk										36	10 (1)(1)														
3 Arvuq				15	2 (0)(0)																				
4 Ayaprun							20	4 (0)(0)																	
5 Bethel Reg HS																						332	25 (2)(2)		
6 Bethel-Kibuck E																							361	24 (1)(2)	
7 Bethel ME E																								204	11 (0)(1)
8 Chaptnguak										34	7 (1)(0)														

Exhibit C, P 27

School District

School District	Enrollment	No. of Certificated Persons at 5/31/07	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
				1-16	17-24		25-40	41-70		71-120			121-200			200 plu.		
0 Eek								64 7(1)(0)										
1 JuAnne A Alexi							29 10(5)(0)	67 8(1)(0)										
2 Kipnuk										71 7(.5)(1)								
3 Kongiganak													147 18(1)(1)					
4 Kwethluk										73 8(1)(1)								
5 Kwigillingok							30 9(1)(1)			73 9(1)(1)								
6 Lewis Angapak								65 13(1)(0)										
7 Napakiak																		
8 Nelson Island				16 5(1)(1)				43 5(.5)(1)										
18 Nightmute																		
19 Nunivaarmiut				16 2(.5)(1)						89 10(1)(2)								
20 Oscarville																		
21 Faul T. Albert																		
22 Quinhagak													131 11(1)(1.5)					
23 Kocky Mt								46 6(.5)(1)										
24 Z. John Williams										109 11(1)(1)								
LOWER YUKON	2,248		18 124.89	47 9(1.5)(2)	20 4(0)(0)		129 36(3.5)(2)	285 39(4)(2)		497 59(5.5)(2)			278 29(2)(2.5)			897 60(5)(5)		
1 Alakanuk	172	17											172 17(1)(2)					
2 Arca Wide Voc	-	3		3(0)(0)														
3 Emmonak	189	17											189 17(1)(1)					
4 Hooper Bay	168	17											168 17(1)(2)					

Exhibit C, p. 27

1 Size
M)

School District	Enrollment	No. of Certificated Persons at 5/31/05	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PKRS	No. of Pupils	No. of Cert. Pers.	PKRS	No. of Pupils	No. of Cert. Pers.	PKRS	No. of Pupils	No. of Cert. Pers.	PKRS	No. of Pupils	No. of Cert. Pers.	PKRS
				1-16	17-24		25-40	41-70		71-120	121-200		200 plus					
5 Kotlik	101	8								101 8(1)(1)								
6 Marshall	87	9								87 9(1)(1)								
7 Mt Village	7	19																
8 Pilot Station	1	11																
9 Pitka Point	36	5					36 5(1)(1)											
10 Russian Mission	75	7								75 7(1)(1)								
11 Scammon Bay	91	9								91 9(1)(1)								
12 Sheldon Point	37	5					37 5(1)(1)											
	1296	127	117.82				73 16(2)(2)			354 33(4)(4)	650 62(4)(6)		219 19(7)(2)					
NENANA																		
1 Nenana E	105	13								105 13(0)(2)								
2 Nenana HS	79	9								79 9(1)(2)								
	184	22	184.							184 22(1)(4)								
NOME																		
1 Nome E	435	33																435 33(1)(7)
2 Nome/Beltz HS	306	28																306 28(2)(4)
	741	61	10/74.10															741 61(3)(1)
NORTH SLOPE																		
1 Alak	111	13																
2 Atkasuk	40	8					40 8(1)(1)											
3 Barrow HS	245	25																245 25(2)(2)
4 Cully	27	6					27 6(1)(1)											
5 Harold Kaveolork	29	7					29 9(1)(1)											

Exhibit C, p 28

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/No Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	No. of Pupils	No. of Cert. Pers.	PPRS	
Noorvik HS	49	8		1-16	17-24		25-40	41-70		71-120			121-200			201 plus			
NW Arc Lrn Ctr	-	5						49 8 (0)(1) - 5 (1)(1)											
Selawik E	93	10								93 10(1)(0)									
Selawik HS	42	5						42 5(0)(0)											
Chungak	65	8						65 8(5)(1)											
	1343	144	10/134.00	12 1 (0)(0)	17 2 (1)(0)		94 11 (0)(1)	481 65(5)(7)								206	26(1)(4)		
FELICAN																			
Pelican	42	8						42 8(1)(1)											
	42	8	2/21.00					42 8 (1)(1)											
PETERSBURG																			
Petersburg E	321	24																	321 24(1)(2)
Petersburg HS	250	22																	250 22(1)(2)
	109	46	2/54.50																57.1 46(2)(4)
PRIBILOF																			
St George								20 2(0)(0)											
St Paul													131 14(1)(1)						
	161		1/161.00					20 2(0)(0)					131 14(1)(1)						
FAILBELT																			
Anderson	114	12											114 12(1)(1)						
Browns	13	1		13 1(0)(0)															
Cantwell	33	3						33 3(0)(0)											
Tri-Valley	184	15											184 15(1)(1)						
	344	31	5/68.80	13 1(0)(0)				33 3(0)(0)		114 12(1)(1)			184 15(1)(1)						

Exhibit C, p 29

ool District	Enrollment	No. of Certificated Persons at	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
				1-16	17-24	25-40	41-70	71-120	121-200	200 plu.								
ST MARY'S																		
Andreasfki	29	6																
Mary's	72	5																
	101	11	4/25.25															
AND POINT																		
and Point E																		
and Point HS																		
	109		2/54.50															
KAGWAY																		
Kagway																		
	134		3/44.67															
SOUTHEAST ISLANDS																		
Bruce Hill	10	2		10	2(0)(0)													
Dolomi	10	1		10	1(0)(0)													
Edna Bay	18	2				18	2(0)(0)											
Gildersleeve	21	3				21	3(0)(0)											
Hollis	14	2		14	2(0)(0)													
H. Valentine	64	7																
Kasaan	10	1		10	1(0)(0)													
LaBouchere	22	3				22	3(0)(0)											
Long Island	35	4				35	4(0)(0)											
Meyers Chuck	10	1		10	1(0)(0)													
Port Alexandr	21	2				21	2(0)(0)											

Exhibit C, p 30

School District	Enrollment	No. of Certificated Persons at 5=hour/5	Pupil/No. Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	
12 Rowan Bay		2		1-16	2(0)(0)		17-24			25-40			41-70	71-120	121-200	200 plus
13 Thorne Bay	92	10											92 10(0)(0)			
14 Whale Pass		1		- 1(0)(0)												
	327	41	11/29.73	54 10(0)(0)			117 14(0)(0)						64 7(0)(0)	92 10(0)(0)		
SOUTHWEST REGION										36 5(0)(1)						
1 Aleknagik	36	5														
2 Clarka Point	14	2		14 2(0)(0)												
3 Koliganek	44	5								44 5(0)(1)						
4 Levelock	40	6								40 6(0)(1)						
5 Manokotak	95	12											95 12(1)(2)			
6 New Stuyahok	92	11											92 11(1)(1)			
7 Togiak	136	15												136 15(1)(0)		
8 We "Son." Nel.	24	2					24 2(0)(0)									
	496	58	12/41.33	14 2(0)(0)			24 2(0)(0)			36 5(0)(1)			84 11(0)(2)	187 23(2)(3)	136 15(1)(1)	
TANANA																
1 Tanana	66	11											66 11(1)(1)			
	66	11	1/66										66 11(1)(1)			
UNALASKA																
1 Unalaska E	63	7											63 7(0)(1)			
2 Unalaska HS	65	7											65 7(0)(1)			
	128	14	3/42.67										128 14(0)(2)			
VALDEZ																
1 Gibson JHS	121	9												121 9(1)(3)		

Exhibit C, p 31

School District	Enrollment	No. of Certificated Persons at 2/20/01	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS
				1-16	17-24		25-40			41-70	71-120		121-200			201 plus		
2	Growden-Har.E	178	13															
3	Hutchins E	209	15															
4	Hutchins SpEd	71	9								71 9(1)(8)							
5	Valdez HS	204	20															
		783	66	5/15660							71 9(1)(8)		299 22(3)(9)					
	WRANGELL																	
1	Wrangell E	240	16															
2	Wrangell HS	218	22															
		464	38	2/232.00														
	YAKUTAT																	
1	Yakutat E	87	9								87 9(1)(0)							
2	Yakutat HS	77	11								77 11(1)(2)							
		164	20	2/82.0														
	YUKON FLATS																	
1	Arc. Village	34	3															
2	Beaver Cruik.	23	2															
3	Central	29	3															
4	Chalkyitsik	28	2															
5	Circle	12	2															
6	Fort Yukon	118	14															
7	No. Lights	14	1															
8	Rampart	13	2															
9	Stevens Villag	19	2															

Exhibit C, P 32

School District	Enrollment	No. of Certificated Persons at Schools	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS				
6 Ipalook	311	46		1-16			17-24			25-40			41-70			71-120			121-200			200 pm 311 46(2)
7 Nuiqsut	66	11											66 11(1)(2)									
8 Nunamuit	66	10											61 10(1)(0)									
9 Tikigaq	138	18														138 18(2)(2)						1
NORTHWEST ARCTIC	1028	146	18/5711													138 18(2)(2)						556 71(4)(1)
1 Ambler	61	6											61 6(.5)(1)									
2 Ambler HS	27	3											27 3(0)(0)									
3 Buckland HS	17	2					17 2(1)(0)															
4 Buckland E	50	6											50 6(0)(1)									
5 Deering	42	6											42 6(1)(0)									
6 Kiana E	67	6											67 6(1)(0)									
7 Kiana HS	42	5											42 5(0)(1)									
8 Kobuk	12	1		12 1(0)(0)																		
9 Kotzebue E	286	26																				286 26(0)(8)
10 Kotzebue HS	129	21																				
11 Kotzebue JHS	104	7											104 7(0)(1)									
12 McQueen E	49	5											49 5(.5)(0)									
13 McQueen HS	25	3											25 3(0)(0)									
14 Noatak E	63	6											63 6(.5)(1)									
15 Noatak HS	42	4											42.4 (0)(0)									
16 Noorvik E	78	6											78 6(.5)(0)									

Exhibit C, P 33

School District	Enrollment	No. of Certificated Persons at School	Pupil/NO Cert. Personnel Ratio	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS	No. of Pupils	No. of Cert. Pers.	PFRS				
10 Venetie	65	7		1-16			17-24			25-40			41-70			71-120			121-200			200 plu.
11 Yukon Flts VC	359	40	15/23.42	41	2(0)(0) 7(0)(0)		42	4(0)(0)		91	8(0)(0)		118	14(1)(1)								
YUKON-KOYUKUK										38	5(0)(0)											
1 Allakaket	38	5																				
2 Bettles	18	3					18	3(0)(0)														
3 Hughes	13	2		13	2(0)(0)																	
4 Hualia	61	6											61	6(0)(4)								
5 Kaltag	68	8											68	8(0)(1)								
6 Koyukuk	23	2					23	2(0)(0)														
7 Man. Hot Sprgs	19	2					19	2(0)(0)														
8 Kangas	52	7											52	7(0)(2)								
9 Minto	45	7											45	5(0)(6)								
10 Nulato	102	1											102	11(0)(1)								
YUPPI	439	43	23/19.09	13	2(0)(0)		60	7(0)(0)		38	5(0)(0)		226	26(0)(7)		102	11(0)(1)					
1 Akiachak	88	7														88	7(0)(0)					
2 Arlicuq	61	8								61	8(.5)(5)											
3 Peter E. HS	39	5								39	5(0)(1)											
4 Tulkisarmuit E	41	3											41	3(0)(0)								
5 Tulkisarm. HS	50	5								50	5(.5)(0)											
	279	28	279							100	13(.5)(.5)					88	7(0)(1)					

Exhibit C, B34

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	1.10
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	1.15
Juneau	1.609	1.063	26,078	41,959	44,298	1.06
Kake	1.324	0.958	26,078	34,527	39,922	1.16
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	1.10
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	1.10
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	1.10

EXHIBIT D, p. 1

	<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	1.09
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

Alaska Geographic Differential Study 1985

SCHOOL DISTRICT	STATE FOUND. AID PER ADM	ONE MILL GENERATION PER ADM	INSTRUCTIONAL UNIT ALLOT. AS14.17.056	COST OF LIVING DIFFERENTIALS*	PERCENTAGE EQUALIZER
CITIES/BOROUGHES:					
ANCHORAGE	\$3,088	\$478	104%	100%	97.42994
BRISTOL BAY	\$8,746	\$421	155%	129%	97.72305
CORDOVA	\$5,054	\$318	95%	111%	98.28228
CRAIG	\$7,188	\$201	120%	102%	98.91613
DILLINGHAM	\$7,894	\$231	150%	129%	98.75047
FAIRBANKS	\$3,531	\$352	113%	103%	98.09806
GALENA	\$10,583	\$138	155%	129%	99.25575
HAINES	\$5,828	\$278	112%	105%	98.49697
HOONAH	\$8,605	\$137	112%	105%	97.26166
HYDABURG	\$8,908	\$138	104%	102%	99.25245
JUNEAU	\$3,406	\$359	104%	103%	98.05796
KAKE	\$7,688	\$60	112%	98%	99.67392
KENAI	\$3,381	\$457	104%	101%	97.53099
KETCHIKAN	\$3,458	\$371	100%	102%	97.99613
KING COVE	\$9,113	\$203	140%	128%	98.90154
KLAWOCK	\$7,491	\$37	104%	102%	99.79765
KODIAK	\$5,274	\$243	135%	106%	98.68941
MAT-SU	\$2,919	\$290	104%	94%	98.43244
NENANA	\$9,079	\$144	125%	129%	99.22371
NOME	\$7,084	\$178	155%	132%	99.03593
NORTH SLOPE	\$8,230	\$11750	175%	144%	97.00000
NORTHWEST ARCTIC	\$7,691	\$154	155%	144%	99.16781
PELICAN	\$11,163	\$278	110%	105%	98.50010
PETERSBURG	\$4,004	\$227	90%	98%	98.77474
SAND POINT	\$7,541	\$649	115%	126%	97.00000
SITKA	\$3,714	\$267	104%	101%	98.55854
SKAGWAY	\$6,973	\$434	80%	105%	97.65409
ST. MARY'S	\$10,928	\$39	180%	126%	99.79083
TANANA	\$13,473	\$151	140%	129%	99.18555
UNALASKA	\$7,998	\$678	120%	126%	97.00000
VALDEZ	\$4,207	\$2141	115%	111%	97.00000
WRANGELL	\$4,746	\$241	90%	98%	98.69784
YAKUTAT	\$7,929	\$118	115%	105%	99.37571
REAS:					
ADAK	\$3,447		125%	126%	100.00000
ALASKA GATEWAY	\$6,898		185%	139%	100.00000
ALEUTIANS	\$15,758		145%	129%	100.00000
ANNETTE ISLAND	\$3,309		155%	139%	100.00000
BERING STRAITS	\$9,078		125%	129%	100.00000
CHATHAM	\$6,438		165%	129%	100.00000
CHUGACH	\$10,827		160%	129%	100.00000
COPPER RIVER	\$6,676		145%	132%	100.00000
DELTA GREELY	\$4,430		150%	129%	100.00000
IDITAROD	\$10,362		140%	126%	100.00000
KASHUNAMIUT	\$8,538		175%	129%	100.00000
KUSPUK	\$8,933		120%	126%	100.00000
LAKE AND PENISULA	\$12,562		105%	126%	100.00000
LOWER KUSKOKWIM	\$8,971		95%	128%	100.00000
LOWER YUKON	\$5,775		125%	111%	100.00000
PRIBILOF ISLANDS	\$6,031		140%	111%	100.00000
RAILBELT	\$8,892		100%	105%	100.00000
SOUTHEAST ISLANDS	\$6,446		165%	103%	100.00000
SOUTHWEST	\$8,658		125%	103%	100.00000
YUKON FLATS	\$13,092		108%	102%	100.00000
YUKON KOYUKUK	\$9,109		115%	103%	100.00000
YUPIIT	\$12,870		90%	102%	100.00000

Source:
 statistics compiled
 by William Thompson
 Southeast Resource Center
 from DOE statistics
 and from McDowell Group
 Report

EXHIBIT D, p 3

EXHIBIT E

COMPARISON OF SCHOOL DISTRICT TEACHER SALARY SCHEDULES BY GEOGRAPHIC AREA WITH ANCHORAGE SALARY SCHEDULE AND WITH 1985 ALASKA GEOGRAPHIC COST OF LIVING DIFFERENTIALS PROPOSED GROUPINGS BASED UPON EXISTING DIFFERENCES IN SALARY SCHEDULES.

Anchorage, Kenai Peninsula Borough, and Matanuska-Susitna Borough	1.00
Southeast Alaska boroughs and cities over 500 population, including Chatham	1.06
Southeast smaller and isolated school districts	1.12
Prince William Sound and Kodiak	1.12
Fairbanks and road served interior districts	1.12
Western Coast	1.20
Rural	1.24
Remote	1.40

TEACHER SALARY SCHEDULES IN DIFFERENT AREAS COMPARED TO ANCHORAGE
(1:00)

Southeast teacher salaries compared to Anchorage salaries (1:00)

	Anchorage (1:00)	Ak. Geo. Diff.
Wrangell	.96	98
Petersburg	.97	98
Pelican	.98	105
Chatham	.99	129
Sitka	1.05	101
Juneau	1.06	103
Ketchikan	1.07	105
Haines	1.08	105
Yakutat	1.09	102
Klawock	1.10	105
Skagway	1.10	105
Hoonah	1.12	105
Southeast Island	1.13	1.03
Annette	1.15	1.39
Craig	1.17	1.02
Take	1.16	98%
Klawock	1.10	102%
Alaska Gateway	1.23	1.39
Hydaburg	1.24	1.02

For Southeast cities -
Juneau, Ketchikan, Sitka, Petersburg, Wrangall,
Haines and Skagway - all municipalities with
more than 700 persons, use 1.06. Include Chatham
because of the large number of Haines and Juneau
based pupils. Use 1.06

For isolated southeast school districts use 1.12.

Prince William Sound and Kodiak teacher salaries compared to Anchorage salaries (1:00)

	Anchorage (1:00)	Ak. Geo. Diff.
Cordova	1.07	111
Chugach	1.10	129
Kodiak	1.12	106
Valdez	1.16	111

Use 1.12

Consider use of 1.06 for Kodiak

Consider use of 1.12 for Prince William Sound

Matsu and Kenai teacher salaries compared to Anchorage salaries(1:00)

	Anchorage (1:00)	Ak. Geo. Diff.
Anchorage	1.00	100
Kenai	1.00	101
Matsu	1.10	94

Use 1.00

Fairbanks and road served interior district teacher salaries compared to Anchorage salaries (1:00)

	Anchorage (1:00)	Ak. Geo. Diff.
Nenana	1.09	129
Railbelt	1.10	105
Fairbanks	1.12	103
Delta-Greely	1.17	129
Copper River	1.27	132

Use 112

Consider use 1.16 for Delta-Greely and Copper River

Consider use of 106 for Fairbanks

Western Coast teacher salaries compared to Anchorage salaries (1.00)

	Anchorage (1.00)	Ak. Geo. Diff.
Adak	1.21	126
King Cove	1.14	126
Unalaska	1.14	126
Southwest Region	1.17	103
Bristol Bay	1.17	129
Pribilof	1.19	111
Dillingham	1.24	129
Lake and Peninsula	1.27	126
Sand Point	1.28	126

Use 1.20

Rural districts teacher salaries compared to Anchorage salaries (1.00)

	Anchorage (1.00)	Ak. Geo. Diff.
Bering Strait	1.35	129%
Iditarod	1.15	126%
Kuspuk	1.23	126%
Lower Kuskokwim	1.25	126%
Yukon Flats	1.25	102%
Yukon Koyukuk	1.26	103%
Northwest Arctic	1.29	144%
St Marys	1.30	126%
Galena	1.34	129%
Lower Yukon	1.40	111%
Kashunamuit		129%
Nome	1.21	132%
Yupiat	1.40	102%

Use 1.24

Remote district teacher salaries compared to Anchorage salaries (1.00)

	Anchorage (1.00)	Ak. Geo. Diff.
Alutians	1.40	129%
North Slope	1.40	144%

Use 1.40

SCHOOL DISTRICT	STATE FOUND.	ONE MILL	INSTRUCTIONAL	COST OF	PERCENTAGE
	AID PER	GENERATION	UNIT ALLOT.	LIVING	EQUALIZER
	ADM	PER ADM	AS14,17.056	DIFFERENTIALS	
Schools/Boroughs:					
ANCHORAGE	\$3,088	\$478	104%	100%	97.42994
BRISTOL BAY	\$8,748	\$421	155%	129%	97.72305
CORDOVA	\$5,054	\$318	95%	111%	98.28228
CRAIG	\$7,188	\$201	120%	102%	98.91613
DILLINGHAM	\$7,894	\$231	150%	129%	98.75047
FAIRBANKS	\$3,531	\$352	113%	103%	98.09808
GALENA	\$10,583	\$138	155%	129%	99.25575
HAINES	\$5,828	\$278	112%	105%	98.49697
HOONAH	\$6,605	\$137	112%	105%	99.29166
HYDABURG	\$8,908	\$138	104%	102%	99.25245
JUNEAU	\$3,406	\$359	104%	103%	98.05796
KAKE	\$7,666	\$60	112%	98%	99.67392
KENAI	\$3,361	\$457	104%	101%	97.55399
KETCHIKAN	\$3,458	\$371	100%	102%	97.99613
KING COVE	\$9,113	\$203	140%	126%	98.90154
KLAYCOCK	\$7,491	\$37	104%	102%	99.79765
KODIAK	\$5,274	\$243	135%	106%	98.68941
MAT-SU	\$2,919	\$290	104%	94%	98.43244
NENANA	\$9,079	\$144	125%	129%	99.22371
NOME	\$7,084	\$178	155%	132%	99.03593
NORTH SLOPE	\$8,230	\$11750	175%	144%	97.00000
NORTHWEST ARCTIC	\$7,691	\$154	155%	144%	99.16761
PELICAN	\$11,163	\$278	110%	105%	98.50010
PETERSBURG	\$4,004	\$227	90%	98%	98.77474
SAND POINT	\$7,541	\$649	115%	126%	97.00000
SITKA	\$3,714	\$267	104%	101%	98.55854
SKAGWAY	\$5,973	\$434	80%	105%	97.65409
ST. MARY'S	\$10,926	\$39	180%	126%	99.79083
TANANA	\$13,473	\$151	140%	129%	99.18555
UNALASKA	\$7,998	\$678	120%	126%	97.00000
VALDEZ	\$4,203	\$2141	115%	111%	97.00000
WRANGELL	\$4,746	\$241	90%	98%	98.69784
YAKUTAT	\$7,929	\$118	115%	105%	99.37571
REAS:					
ADAK	\$3,447		125%	126%	100.00000
ALASKA GATEWAY	\$6,898		185%	139%	100.00000
ALEUTIANS	\$15,758		145%	129%	100.00000
ANNETTE ISLAND	\$3,309		155%	139%	100.00000
BERING STRAITS	\$9,078		125%	129%	100.00000
CHATHAM	\$6,438		165%	129%	100.00000
CHUGACH	\$10,627		160%	129%	100.00000
COPPER RIVER	\$6,676		145%	132%	100.00000
DELTA GREELY	\$4,430		150%	129%	100.00000
IDITAROD	\$10,362		140%	126%	100.00000
KASHUNAMIUT	\$8,538		175%	129%	100.00000
KUSPUK	\$8,933		120%	126%	100.00000
LAKE AND PENISULA	\$12,562		105%	126%	100.00000
LOWER KUSKOKWIM	\$8,971		95%	126%	100.00000
LOWER YUKON	\$5,775		125%	111%	100.00000
PRIBILOF ISLANDS	\$6,031		140%	111%	100.00000
RAILBELT	\$8,892		100%	105%	100.00000
SOUTHEAST ISLANDS	\$5,446		165%	103%	100.00000
SOUTHWEST	\$8,656		125%	103%	100.00000
YUKON FLATS	\$13,092		108%	102%	100.00000
YUKON KOYUKUK	\$9,109		115%	103%	100.00000
YUPIIT	\$12,870		90%	102%	100.00000

EXHIBIT F - Ranked Analysis of District Estimated Expenditures by
Function - Operations and Maintenance (O&M)

TABLE 5:

ANALYSIS OF REAA ESTIMATED EXPENDITURES BY FUNCTION

SCHOOL DISTRICT	FUNCTION:	GENERAL SUPPORT	GENERAL SUPPORT	FUNCTION:	OPERATION &	OPERATION &
	GENERAL SUPPORT	EXPEND. AS A % OF	EXPENDITURES	OPERATION &	MAINT. EXPEND. AS	MAINT. EXPEND.
		TOTAL EXPEND	BY ADM	MAINTENANCE	% OF TOTAL EXPEND	BY ADM
ADAK	\$745,170	14.59%	\$1,228	\$817,462	16.01%	\$1,347
ALASKA GATEWAY	\$664,800	12.56%	\$1,288	\$1,277,961	24.14%	\$2,477
ALEUTIANS	\$435,306	23.10%	\$5,004	\$322,037	17.09%	\$3,702
ANNETTE ISLAND	\$429,832	13.90%	\$1,041	\$649,200	21.00%	\$1,572
BERING STRAITS	\$1,440,324	8.96%	\$1,168	\$4,506,051	28.04%	\$3,655
CHATHAM	\$468,607	14.75%	\$1,531	\$520,835	16.39%	\$1,702
CHUGACH	\$233,450	15.63%	\$1,810	\$280,950	18.82%	\$2,178
COPPER RIVER	\$505,025	9.68%	\$878	\$969,800	18.59%	\$1,687
DELTA GREELY	\$1,196,320	16.95%	\$1,104	\$1,220,495	17.29%	\$1,126
IDITAROD	\$821,158	14.52%	\$2,058	\$1,567,997	27.73%	\$3,930
KASHUNAMIUT	\$261,136	9.81%	\$1,573	\$775,711	29.14%	\$4,673
KUSPUK	\$665,865	10.33%	\$1,632	\$1,478,211	22.93%	\$3,823
LAKE AND PENISULA	\$659,200	10.68%	\$1,782	\$1,772,186	28.70%	\$4,790
LOWER KUSKOKWIM	\$3,452,342	10.86%	\$1,291	\$7,796,353	24.52%	\$2,915
LOWER YUKON	\$1,433,186	9.57%	\$1,114	\$3,720,414	24.86%	\$2,893
PRIBILOF ISLANDS	\$288,927	15.11%	\$1,710	\$329,337	17.23%	\$1,949
RAILBELT	\$468,191	13.12%	\$1,311	\$689,417	19.32%	\$1,931
SOUTHEAST ISLANDS	\$467,525	10.18%	\$1,021	\$908,738	19.79%	\$1,984
SOUTHWEST	\$616,174	8.58%	\$1,268	\$2,147,789	29.92%	\$4,419
YUKON FLATS	\$602,160	9.42%	\$1,597	\$1,571,507	24.60%	\$4,168
YUKON KOYUKUK	\$691,196	0.80%	\$1,160	\$1,528,109	19.45%	\$2,564
YUPIIT	\$535,505	14.42%	\$1,879	\$833,659	22.45%	\$2,925
TOTAL	\$17,081,499	11.29%	\$1,316	\$35,684,219	23.58%	\$2,749

Exhibit Fig. 2

TABLE 3:

RANKED ANALYSIS OF DISTRICT ESTIMATED EXPENDITURES BY FUNCTION

SCHOOL DISTRICT	FUNCTION: GENERAL SUPPORT	GENERAL SUPPORT EXPEND. AS A % OF TOTAL EXPEND	GENERAL SUPPORT EXPENDITURES BY ADM	FUNCTION: OPERATION & MAINTENANCE	OPERATION & MAINT. EXPEND. AS % OF TOTAL EXPENC	OPERATION & MAINT. EXPEND BY ADM
NORTH SLOPE	\$4,907,800	16.67%	\$4,249	\$8,051,900	27.35%	\$6,971
NENANA	\$218,992	10.29%	\$1,738	\$411,885	19.36%	\$3,269
ST. MARY'S	\$294,610	15.91%	\$2,562	\$482,200	26.05%	\$4,193
GALENA	\$431,816	18.58%	\$2,958	\$541,468	23.29%	\$3,709
KING COVE	\$232,080	13.94%	\$1,934	\$392,150	23.56%	\$3,268
PELICAN	\$151,480	21.94%	\$2,805	\$102,246	14.81%	\$1,893
UNALASKA	\$221,200	13.35%	\$1,569	\$284,800	17.18%	\$2,020
BRISTOL BAY	\$290,705	10.64%	\$1,206	\$653,049	23.89%	\$2,710
VAL DEZ	\$600,030	7.29%	\$759	\$1,865,431	22.67%	\$2,358
NORTHWEST ARCTIC**	\$1,747,221	11.71%	\$1,145	\$4,282,597	28.70%	\$2,806
KAKE	\$376,914	19.17%	\$1,866	\$355,582	18.08%	\$1,760
KLAWOCK	\$226,753	14.96%	\$1,454	\$210,070	13.86%	\$1,347
DILLINGHAM	\$423,162	9.76%	\$910	\$704,709	16.26%	\$1,516
YAKUTAT	\$245,031	16.88%	\$1,561	\$247,246	17.04%	\$1,575
HYDABURG	\$117,737	13.48%	\$1,214	\$300,545	34.42%	\$3,098
HAINES	\$364,876	11.73%	\$1,040	\$547,033	17.59%	\$1,558
SAND POINT	\$159,113	16.18%	\$1,384	\$150,904	15.35%	\$1,312
NOME	\$650,938	9.14%	\$766	\$1,827,235	25.64%	\$2,150
HOONAH	\$218,209	12.31%	\$1,020	\$298,222	16.82%	\$1,394
CORDOVA	\$447,072	14.52%	\$1,146	\$552,905	17.96%	\$1,418
CRAIG	\$246,743	17.24%	\$1,327	\$284,994	19.92%	\$1,532
SKAGWAY	\$184,847	17.97%	\$1,359	\$116,639	11.34%	\$858
KODIAK	\$2,021,672	12.89%	\$887	\$2,859,480	18.38%	\$1,255
KENAI	\$6,281,548	11.60%	\$735	\$11,490,900	21.22%	\$1,344
WRANGELL	\$247,327	8.80%	\$548	\$424,906	15.11%	\$942
SITKA	\$1,187,348	11.59%	\$718	\$1,335,251	13.04%	\$807
FAIRBANKS	\$8,376,602	10.43%	\$624	\$12,716,287	15.84%	\$947
KETCHIKAN	\$1,397,532	9.61%	\$573	\$2,592,313	17.82%	\$1,063
PETERSBURG	\$369,417	10.85%	\$619	\$691,692	20.32%	\$1,159
JUNEAU	\$2,602,212	10.38%	\$554	\$3,201,902	12.77%	\$681
MAT-SU	\$7,184,868	14.46%	\$767	\$8,489,172	17.09%	\$906
ANCHORAGE	\$20,622,821	10.25%	\$507	\$32,114,913	15.96%	\$790
TANANA	N/A	N/A	\$0	N/A	N/A	N/A
TOTAL	\$63,048,676	11.44%	\$686	\$98,580,626	17.88%	\$1,072

Exhibit F, p. 3

AN ANALYSIS OF
PUBLIC SCHOOL
FINANCE LEGISLATION
IN ALASKA: 1958 to 1987

Prepared for the State of Alaska
Senate Health, Education and Social Services Committee

January 1987

INDEX

- I.....INTRODUCTION
- II.....TERRITORIAL REIMBURSEMENT SYSTEM (1958-1962)
- III.....A FOUNDATION FOR ALASKA SCHOOLS - THE TOTAL NEED
RECOGNIZED (1962)
- IV.....AMENDMENTS TO 1962 SCHOOL FOUNDATION ACT-REDEFINING "BASIC
EDUCATION" (1963-67)
- V.....1970 INSTRUCTIONAL UNITS PROGRAM
- VI.....MODIFICATIONS OF INSTRUCTIONAL UNITS APPROACH (1975-82)
- VII.....SUSPENSION OF INSTRUCTIONAL UNITS PROGRAM (1983)
- VIII....DEVELOPMENT OF A NEW FORMULA (1983-85)
- IX.....CHAPTER 75, SLA 1986 - THE CURRENT FORMULA (1986-)
- X.....SITUATION IN 1987- CUTBACKS IN EXPENDITURES

EXHIBITS

- Exhibit A - City / Borough Fiscal Capacity and Fiscal Effort
- Exhibit B - School Funding Formula Proposed by Alaska Department
of Education Staff in 1984
- Exhibit C - Instructional Units Allotments Assigned By Ch 75,
Sla 1986 to City and Borough School Districts
and to REAA's
- Exhibit D - Alaska School District Expenditures and Allocations of
State Monies
- Exhibit E - Comparisons of salaries paid school teachers in Alaska
school districts
- Exhibit F - Alaska Geographic Differential Study - 1985.
- Exhibit G - Description of State of Washington's Public School
Funding Efforts
- Exhibit H - Excerpts from U.S. Department of Education Ranking of
States in Education - Western States

AN ANALYSIS OF PUBLIC SCHOOL FINANCE
LEGISLATION IN ALASKA: 1958 to 1987

I INTRODUCTION

In considering a new school finance system it is desirable to first create a budget for a single system of enterprises, in this case, public schools, each with their salary and non-salary costs and each with their costs of administration. Once an Alaska education program for elementary and secondary schools has been established ("basic need"), various formulas for allocating the dollars to meet that need can be considered and an allocation method selected. This is no different than arriving at a budget for a number of schools within a school district.

If the state does not choose to pay 100% of the costs of each school district, formulas for allocating the remaining portion of the costs among school districts can be compared and decisions reached as to the share to be paid by local property taxpayers. Previous school finance programs can be reviewed to see if there have been logical and successful approaches. They can also be reviewed for blind alleys that should be avoided.

This history heavily relies on a 1985 report entitled "A General History of Public School Finance in Alaska - Operating and Capital Costs" prepared by Dr. Nathaniel H. Cole for the Alaska Department of Education. Current education statistics are derived from tables prepared by William Thompson of the Southeast Resource Center in Juneau.

The major school finance acts have been:

ACLA 37-3 - School Reimbursement Program

Ch. 164, SLA 1962 -School Foundations Program

Ch. 238, SLA 1970 -Instructional Unit Program

AS 14.17 as of June 30, 1982 - (Ch.238, SLA 1970 as extensively amended)- Instructional Unit Program, as extensively modified

Ch. 75, SLA 1985 - Schedule of per pupil funding for each district

Ch. 75, SLA 1986 - Current formula

Since 1962 a consistent system has been used for assigning section numbers to subjects in school funding acts. For convenience references are made to the same section, e.g. AS 14.17.071, as various chapters are analyzed, it being understood that the reference to the statute is to the statute as it existed on the day the act was adopted, and not to that section as it exists today or on June 30, 1983 the day before all previous formulas were set aside.

II TERRITORIAL REIMBURSEMENT SYSTEM

The Territorial reimbursement system of finance was in place from 1929 (or before) until July 1, 1963. The legal basis for the system was simple accounting for no more than a page and a half of Alaska Compiled Laws Annotated (ACLA).

ACLA Section 37-3-62 provided for a refund of public elementary and secondary school expenditures for operations - 75% of the approved casts for larger school districts, 80% for middle sized districts and 85% for small districts.

The other provisions were:

ACLA Sec 37-3-62. Amount of refund. Where the total resident school enrollment by school year is less than 150 pupils, eighty-five per centum and where it is 150 pupils or over and less than 300, eighty per centum and where it is 300 pupils or over, seventy-five per centum of the total amount expended for maintenance of public elementary schools and high schools within the limits of incorporated cities or incorporated school districts or independent school districts shall be refunded to such city or school district from the moneys of the Territory appropriated for such purposes.

ACLA Sec 37-3-63. Annual budget or statement of proposed expenditures. The school board for each incorporated city or incorporated school district shall annually before the first day of July submit to the Commissioner of Education a budget or detailed statement of proposed expenditures for the maintenance of the schools of such incorporated city or incorporated school district during the following school year. Said detailed statement shall be submitted in duplicate and shall set forth the salaries of teachers in each grade and of janitors or other employees of the school district, and proposed expenditures for fuel, light, water, school books and supplies, janitor's supplies, manual training, domestic science, library, and for miscellaneous purposes. The Commissioner of Education may disapprove or reduce any items in the budget and shall approve for Territorial refund only such parts of the proposed expenditures as come within the purview of this article, and are reasonable and necessary. (emphasis added)

It is apparent that the Commissioner of Education would have a thorough understanding of the actual expenditures of each school district in each budget category. There would be a historical record of such expenditures for each district for each year. A change in proposed expenditure for which reimbursement would be sought would be easy to analyze in light of previous expenditures of the school district and of similarly situated school districts.

On July 1, 1962, the State of Alaska adopted a formula system of funding. One byproduct of this decision was that the state began to lose track of the expenditures of city and borough school districts. In administering the program the commissioner would obtain a clear record of how much in state, federal and local revenues each district received because these amounts were included in the formula, but there would be no good record of how these monies were used.

In addition the Commissioner was directly responsible for the budgeting for about one half of the schools outside of city, borough and independent school districts. As of statehood the federal Bureau of Indian Affairs (BIA) operated about 60% of the rural schools with the state operating the other 40%. The State of Alaska continued to operate its schools plus additional schools acquired from BIA until 1976 when Rural Education Attendance Areas (REAA's) were created in the unorganized borough. At that time the state department of education lost track of expenditures of rural schools.

III FOUNDATION FOR ALASKA SCHOOLS - the total need recognized

In 1960 the State of Alaska received a grant from the Ford Foundation for a school finance study. The State Board of Education appointed an Educational Advisory Committee to oversee the study. The committee consisting of educational, political, governmental and lay citizen leaders of the state was headed by Dr. Eric Lindman of the University of California, Los Angeles, and was assisted by a group of nationally-known education finance and administration consultants. The Committee worked for about a year to complete a very comprehensive study, released by the State Board of Education in September 1961 as: A Foundation for Alaska's Public Schools.

In 1962 the legislature accepted nearly all of the Committee's recommendations on changes in Alaska school finance. The legislature enacted Ch. 164, SLA 1962, with a July 1, 1963 effective date.

The fiscal building blocks used in Ch. 164, SLA 1962 were simple.

(a) Per pupil funding. The formula was almost entirely ADM (average daily membership) driven. If there were more children, more teachers would be needed, and, more teacher units would be allocated. There would be enough funding from state, federal and local sources to support about one teacher to a classroom with about 23 pupils in the classroom.

(b) Additional funding for small schools. If there were fewer than 100 elementary school pupils, a greater than average number of teacher units would be allocated on the basis that average class sizes would necessarily be small. The range started at one teacher unit for 8 to 15 pupils and gradually increased to 6 teachers for 81-100 elementary school pupils. From 101-300 pupils there would be an additional unit for each 20 pupils, for 301 and over there would be one teacher unit for each 25 pupils.

(c) Additional per pupil funding for secondary pupils. The schedule for smaller secondary schools was slightly higher, allowing 7 teacher units for 81-100 pupils, allowing one teacher unit for up to 10 secondary students and at the upper end 7 teacher units for 81-100 teacher units.

(d) Allowance for superintendents and assistants. For school districts with more than 600 pupils, additional teacher units were allowed for the superintendent and assistants, as follows:

Total ADM	Allowable Number of Teacher Units
601-300	1
3001-5999	2
Over 6000	3

(e) Principals and vice principals. In addition to assigning teacher units as an allowance for superintendents and assistants, provision was made for principals and vice principals as follows:

(1) School district with ADM of 700 or plus with eight or more classrooms--one teacher unit.

(2) School district with one or more buildings with 24 or more classrooms--a teacher unit for each such building for vice principal for such building.

(f) Area cost differential allotments. The final adjustment in determining need was a per pupil payment to reflect area cost differentials which provided additional dollars as follows:

(1) Southeastern Senate District--\$140 x ADM.

(2) Southcentral Senate District (includes Anchorage)--\$150 x ADM.

(3) Central (Fairbanks) and Northwest (Nome) Senate Districts and Southcentral west of 152° latitude (Alaska Peninsula)--\$160 x ADM.

(g) Attendance center allotment. And, finally, there was an allocation of \$1000 for each attendance center (elementary or secondary school which functioned as distinct administrative units each with a principal).

The 1962 foundation act was simple and easy to understand. It was almost entirely an ADM driven formula. There was little room for manipulation of classrooms or programs to increase entitlements.

The foundation program established the need of a school district without regard to sources of revenues to fund this need.

The last two steps established by the foundation formula were simple. The local school district was required to provide a "local effort" equivalent to what a 3.5 mill levy would raise on the real and personal property in the district plus one-half of any Public Law 874 monies received from the federal government. To the extent this local effort did not raise sufficient monies to meet the basic need, the state would make up the difference through annual appropriations from the "public school foundation account".

As a practical matter, the ADM driven formula did not produce results which were much different than the old Territorial reimbursement program. To make the program politically acceptable, the legislature added a relatively small amount of funding so that there would be a number of winners and so that any losers would lose very little. Anchorage, which at the time was a

relatively wealthy school district compared to other school districts, may have been a loser, but, if so, by very little.

The historically poor school districts with high property tax mill levies, mostly the seacoast communities of Petersburg, Wrangell, Skagway, Haines, Cordova, Valdez, Seward and Kodiak, did well under the program and were able to reduce their property taxes as the state now paid for a larger percentage of their basic need.

Overall, the percentage of local dollars to state dollars to federal dollars stayed fairly constant. In school districts such as Anchorage, Fairbanks, Juneau and Ketchikan, the local taxpayers continued to pay for about 25-30% of their school district budgets, while in the middle sized school districts, the taxpayers, the percentage of local contribution was more in the 15-20% range with the state paying the remainder from the school foundation program. See Cole, supra, p.32 for sources of school operating costs in 1962-1970.

Every school district contributed an amount equivalent to what a 3.5 mill property tax levy would raise on the real and personal property tax within the school district. Very poor school districts, with very little tax base, such as King Cove and Nenana, contributed very small amounts in local revenues with a 3.5 mill effort, and the state paid close to 98% of their total education budgets.

The use of a 3.5 mill property tax or equivalent as the maximum a school district would have to raise would have major financial consequences for higher tax school districts today. The results would be approximately as follows:

School District	Assessed valuation (in millions)	Mill levy	Present local effort	3.5 mill levy	3.5 mill levy effort	Difference (in thousands)
Anchorage	\$19,343,000	3.28	\$63,492	3.5	\$67,700	(4208)
North Slope	13,571,000	.89	12,885	3.5	47,498	(34,613)
Fairbanks	4,727,000	4.54	21,449	3.5	16,545	4904
Kenai	3,905,000	4.66	18,202	3.5	13,668	4534
Matsu	2,716,000	7.16	19,462	3.5	9,506	9956
Valdez	1,693,000	2.41	4,088	3.5	5,926	(1838)
Juneau	1,689,000	4.88	8,250	3.5	5,911	2339
Ketchikan	904,000	5.97	5,398	3.5	3,164	2234
Kodiak	552,000	3.99	2,201	3.5	1,932	269
Sitka	441,000	6.75	2,978	3.5	1,544	1434

Total

See Exhibit A for assessed valuations.

The foregoing assessments have been adjusted by the state Department of Community and Regional Affairs to bring them up to 100% of fair market value.

Any dollar savings to other city and borough school districts as a result of a 3.5 mill cap would be minor, because their present mill levies are either less than 3.5 mills or very little in excess of 3.5 mills.

IV AMENDMENTS TO THE 1962 SCHOOL FOUNDATION ACT - redefining "basic education".

The legislature expanded the concept of a "basic education" on two occasions.

The 1983 Legislature added special education before the new School Foundation Act took effect. Ch. 70, SLA 1963.

Although a number of school districts, including Anchorage and Juneau, provided kindergartens, the Legislature had never regarded kindergartens as a necessary part of a "basic education" until 1966 when kindergarten pupils were allowed to be counted in the ADM allotment along with 1-12 pupils (Ch. 153, SLA 1966). The state did not pick up 100% of the cost of kindergartens any more than it did for grades 1-12 and, as a result, districts with little district wealth and unusually high mill levies, such as Matsu did not immediately add kindergarten to their programs even though state funding covered 75% or more of the costs for those districts. Matsu added kindergarten for a K-12 program in 1981 when its property tax mill rate was reduced from 6.9 mills to 4.9 mills.

The concept of a "basic education" was further expanded in the 1970's when "gifted and talented" and "bilingual" were added to the educational program which the state would fund.

V 1970 INSTRUCTIONAL UNITS PROGRAM

The 1970 "instructional units" formula enacted by the 1970 Legislature was based upon recommendations of a second school finance study, prepared by the State Board, the Department of Education and the Governor, with a grant from the U.S. Office of Education. As in the case of the 1962 effort, there was a council composed of representatives of school groups. This council was advised by the school finance consultants who had served on the earlier 1962 study, headed by Dr. H. Thomas James, Dean of the School of Education, Stanford University.

Among the recommendations of the study were:

2) that the state adopt an equalized percentage method for determining the state's share of operating revenue for the basic program for each district;

3) that the state share of operating revenues for basic programs be set at a state average of 90%;

The following from a speech of H. Thomas James, Dean, School of Education, Stanford University, entitled "An Agenda for Approving Education in Alaska", given in Anchorage, August 13, 1969, gives an indication of the heady atmosphere of the times:

In addition to these normal indicators of the increasing fiscal strength of the Alaska Government, there is also the remarkable promise of revenue potential in the oil discoveries on the Kenai Peninsula and more recently on the North Slope. I hesitate to enter the "numbers game" but some of the figures one hears now in Alaska are truly startling. I am advised that state revenues for fiscal year 1970 are estimated at 246 million, which is probably a low estimate (Note: North Slope lease revenues came in at about 900 million in 1969.) When one begins playing with some of the more sensible estimates of what the North Slope bonus might be, one gets into exciting numbers games, such as noting that if \$1 billion was invested at 6%, the income would be more than all state revenues in 1963.

The 1970 Legislature was prepared to relieve much of the former tax burden of the local governments and, in addition, was prepared to appropriate substantially more state monies to education than before.

The report recognized the continued importance of local effort, but proposed that it be handled differently than in 1962. Required local support had been repealed by Ch. 95, SLA 1969. The 1962-70 approach had required a local effort equal to the proceeds

of a 3.5 mill rate on taxable real and personal property. The study recommended a new approach based upon "an equalized percentage that took into account the variation of district wealth per pupil when compared to the average per pupil wealth of all districts". With this approach, the school districts with greater district wealth would get less than 90% of their need from state revenues probably as low as 80-85% of their need and districts with below average district wealth would receive more than 90%, up to 98% of their need. The statewide average would be 90%. This would yield a mix of state and local effort very similar to that which existed during Territorial days and throughout the 1960s, but overall it would provide more generous state funding. Final Report and Recommendations of the Advisory Council on State Financial Support to Public Schools (Juneau: Alaska Department of Education, January 1970).

The legislature rejected the proposal that some districts receive less than 90% and other districts receive more than 90%. Instead, they established 90% as the floor for all school districts, so that no district, regardless of wealth, would receive less than 90% of "basic need" from the state. However there was some continuing recognition of the role of local effort in school financing, presumably with respect to the 10% maximum that a school district would be expected to be responsible for. The legislature did enact a weak tax equalization provision similar to today's provision in Ch. 75, SLA 1986.

In the next legislative session the Legislature increased this "floor" from 90% to 100% of "basic need" supposedly with a concurrent reduction of the 10% local effort to eliminate any need for local taxation. Now, the state was supposedly shouldering the full financial burden of providing a standard K-12 program, including special education and kindergarten in every school district in the state.

From the first day the legislature's policies on 90% state funding across the board, later 100%, proved to be fictitious. The "foundation" slipped out from under the bill. The actual percentages of state funding for the larger school districts almost immediately evolved into percentages similar to those of the 1960's, but with state support being more generous. A school district which formerly had received 65-70% state support now received 70-75% state support. Total state expenditures for education did increase. About half of the 900 million dollars received by the state in 1969 for the Prudhoe Bay leases went into additional funding for education.

There was now a major gap between form and substance. This was to complicate all future efforts to adjust the formula so that it would make sense for every school district. The total of the instructional units now had no relationship to the "basic need" of the larger school districts. Nor did the total of the instructional units have any relationship to the achievement of any state-wide educational goal.

The 1962-70 formula had created building blocks of approximately equal size--more students meant more building blocks, more classrooms meant more principals and vice principals, etc. All of these units were based on the costs of delivering equal amounts of education.

The 1970 formula was intended to create fiscal building blocks that would cover many measures of educational need other than need that can be measured in number of pupils and classrooms. Dr. Nathaniel H. Cole described the new instructional unit concept in glowing terms:

The instructional unit concept with its definitions is flexible enough to address large groups, small groups, general education needs, special education needs, density, sparsity, etc. As long as the parameters of an educational program can be described, the program can be placed within the instructional unit structure. The unit value can also be adjusted for varying cost factors from one geographical area to another. In other words, the instructional unit concept is much more adaptable to program needs and much less constraining as to how and what resources are utilized to address program needs than the earlier system.

Ibid. p. 36.

The 1970 formula that accounted for the bulk of the distribution was fairly simple. A base instructional unit would generate \$19,250 (the beginning salary of a teacher was then about \$10,000 a year). Basic instructional units were generated by numbers of pupils (ADM) or number of class hours (FTE or fulltime equivalents).

In elementary and secondary schools (not school districts) with under 1000 pupils, each 18 pupils would generate at least one unit each. Fewer than 81 per 18 pupils would generate more than one unit. (Under 10 would generate 1, 10-20 would generate 2, 21-32:3, etc.)

In elementary and secondary schools (not school districts) each 23 pupils would generate at least one unit each. Fewer than 3005 (100-3005) pupils would generate at least one unit per 19 pupils and fewer than 100 pupils would generate more than one unit per 19 pupils. (Under 10:1; 10-20:2; 21-32:3, etc.)

Vocational education generated at least one additional unit for each 50 full-time equivalent (FTE). Five to 10 full-time equivalent pupils would generate one unit (5-10 FTE pupils would be the same as 30-60 pupils enrolled and in average daily membership in a one hour per day vocational education program); 11-20 FTE would generate 2 units etc.

Pupils enrolled in special education would generate at least one additional unit per 9 pupils. Five to 8 pupils in ADM (not FTE) would generate one additional unit, 9-15 would generate 2.

The 1970 formula used an odd term for area cost differentials. The term was "Instructional Unit Allotment" the same term as was later used in Ch. 75, 1986. The multipliers were:

Souteastern and Anchorage, Mat-Su, Kenai area -	1.00
Central (Fairbanks and Interior) -	1.05
Northwest -	1.10
Any school district which does not have access to Anchorage, Ketchikan or Fairbanks, by road, railroad, or ferry	1.00, 1.05, or 1.10 depending on location plus 5%

The 5% isolation factor was dropped in 1977. (Ch. 90, SLA 1977)

There were also elaborate tax equalization provisions which were repealed in subsequent years. The formula, had relatively little effect on the amounts allocated to school districts. With 100% state financing of the basic need a tax equalization formula should not have been necessary - there would be no need for local taxation.

The 1970 Legislature, by abandoning local effort, and by pretending that 100% of each school districts financial needs for a K-12 education were being satisfied with state funding alone, created a puzzle that no succeeding legislature or consultant could solve.

This is the puzzle:

The need for a "basic education" for all Alaska schools shall be measured by instructional units uniformly applied throughout Alaska. The need will be the same regardless of the wealth or lack of wealth of the school district.

The state will meet 100% of the "need" for all Alaska schools, whether they are in wealthy schools districts or poor school districts with little ability to raise local revenues.

The state has to meet 100% of the basic need of some very poor school districts, particularly after the creation of Rural Education Attendance Areas (REAs) in 1977, which lack the power to tax.

How can 100% funding of smaller poorer school districts be achieved with only 75% state funding for schools in Alaska?

Somehow the instructional units which would generate 65% of Anchorage's requirements for a "basic education" must supply 98-100% of the cost of the "basic need" of the poor school district. Otherwise the city school district with little taxable wealth will have a 65% program--they will have a K-8 program or a 4-12 program, but they cannot have a K-12 program unless they combine grades, have 50 or more pupils to a classroom, etc.

The legislature had broken the linkage between costs of delivering an educational program and the number of instructional units. There now had to be a mechanism for pumping up the number of instructional units for some school districts, while not permitting this to happen in other school districts. Somehow a poor school district with the same number of pupils and the same number of schools and classrooms as a wealthy school district had to receive 20-30% more instructional units than the comparable wealthy district.

Most of the many later amendments to Ch. 238, SLA 1970 represented efforts to back into a formula. First, the Legislature conceived of different dollar amounts they would like each school district to receive. Then the legislature provided for new types of instructional units or new applications of units to generate those dollar amounts.

The state fudged its numbers with respect to school districts that have some ability to raise local tax revenues. From 1970 to 1976 large city and borough school districts were generally wealthy, middle sized school districts were neither rich nor poor and small districts were generally poor. Most of the problem could be solved by being especially generous in allocating units to the smaller school districts. To the extent larger school districts did not receive enough state monies to meet their actual requirements for a K-12 program, they could make up the difference from property taxes and sales taxes just as they had done in the 1950's and 1960's.

This was similar to the Territorial approach - under the Territorial program large school districts were reimbursed 75% of their approved costs, middle sized school districts 80% and small school districts 85%.

Unfortunately there were a few large school districts which were also poor and at least one middle sized school district, Valdez, which was rich. This adhoc solution was bound to break down when 20 more school districts the Rural Education Attendance Areas were created in 1976. Now there were some large school districts which were as poor as any district can be since they lacked the power to tax.

The 100% program was off of the tracks. Dr. James' dream of an oil wealth financed education system slipped away. Alaska now had the same system that created inequities and lawsuits in many other states - a system based upon a mix of state dollars - mostly oil dollars - and local property tax dollars, a system where there was no logical basis for the percentage of local tax dollars to be supplied or the amount of the local property tax to be levied for education. Alaska now had a much more inequitable school finance system than it had in 1963.

VI MODIFICATIONS OF INSTRUCTIONAL UNITS APPROACH (1975-1982)

Despite its deficiencies the 1970 Instructional Unit approach was kept intact for its first five years. In the first five years the amendments dealt with changes in the basic instructional unit value (1973-78, 80, 81) or with minor adjustments in the tables of allowable instructional units (1972, 75,77, 78, 80-81).

The instructional unit was still largely based on classroom building blocks. Add enough pupils to generate a teacher and there would probably be another fiscal building block - a unit large enough to pay for the teacher, for the cost of janitor time for the new classroom, heat and light for the new room and supplies for the additional pupils. In 1975, after the creation of twenty new rural school districts, this changed. Major substantive changes came fast and furious after the creation of the REAAs in 1975. The changes accelerated in 1980 as new oil money became available.

Every school, no matter how small, would receive a minimum of three instructional units - in the case of an eight pupil school, enough money to pay for three teachers. Every school with more than 20 pupils, would receive a second batch of instructional units for a secondary school, even if there were no pupils secondary school age pupils at the school. The number of instructional units for special education pupils was increased. Much of the effort was to create new instructional units to be allocated to small schools and, to a much lesser extent, to take instructional units away from larger schools.

The instructional unit now became less of a fiscal building block. A group of pupils numbering eight could now generate three new instructional units, far more than would be required to provide a new teacher with the necessary support. A group of twenty pupils at a new school could generate six new units - three for the elementary school and three for secondary school - again, far more would be required to provide teachers and classroom support. Six teachers would not be hired to teach 20 pupils.

The additional money generated by these monies went mostly to district headquarters, new hires at district headquarters and new activities at that level.

These were not the only changes. Administrators were, for the first time, given an opportunity to manufacture new units by reconfiguring their enrollments - by counting pupils different ways and by counting the same pupil two or three times on the basis of new programs.

Before describing the new opportunities for manipulating units to generate additional entitlements, the cumulative effect of the 1975-1982 changes will be described.

Robert Van Slyke, Deputy Commissioner Department of Education, in a memorandum to Marshall L. Lind, Commissioner Department

of Education, dated January 15, 1982 stated;

The cumulative result of eleven years of tinkering with various bits and pieces of the original foundation program structure has been that the original intention of a simplified, equitable system of state support for education has become neither simple, nor, in the minds of many, equitable. While the writer may have overlooked a few additional amendments to the program, the above listing begins to reveal the nature and scope of such changes and to give some indication of the complexity of the current system.

...

First, the current program is essentially on "open system"; that is, changes over the years in unit schedules have allowed districts a wide number of options in configuring groups of students to generate maximum amounts of funds. Such configurations focus administrative attention of "body counts" and away from program.

The "body count" system results in the second major problem; that the current system is no longer program driven, even in the case of categorical funds which were originally established to fund program needs of special students (e.g., the handicapped, limited English speaking, vocational oriented). In recent years, changes in the jr. high definition as well as the ability to count each elementary school separately have encouraged districts to establish jr. high programs for funding, rather than programmatic purposes; and to consider multiple elementary facilities for one or more elementary grades. Finally, the existence of categorical revenues, established with unfortunate similarity to the federal categorical funding schemes, have encouraged boards and administrators to consider such revenues as expenditure "caps" for categorical programs, without particular regard to the specialized needs of the target group students.

This is a statement that education has taken a back seat to manipulation of programs--manipulation of programs not to meet the educational needs of pupils, but to generate as much in revenue as is mathematically possible. It is also a statement that the state has been wasting its educational dollars.

The new program placed a premium on a superintendent and staff who concentrate on games playing and not the traditional role of an educator of balancing programs to meet the educational need of pupils. It diverted administrators from the task of delivering the best possible education to the pupils.

The easiest way to generate additional units was simply to incorporate new programs in the school curriculum for which units could be obtained in excess of additional costs incurred.

This is the way it works:

Assume six grades in 1-6, each with a teacher, a classroom and 23 students. Under the typical average daily membership driven financial program, each classroom would generate the same number of units, say 1 unit for each 23 children enrolled in K-6 programs.

Assume that there are 8 children in each class who can qualify for special education and that funding formula provides for one instructional unit for each 8 special education students.

The school district would apply for 6 instructional units, one for each grade, because 8 pupils from each grade will now be served by a special education program and be in "daily membership".

The school district would then, possibly, arrange for a newly hired special education teacher to teach 8 persons from the first grade between 9-10:00 a.m., 8 persons from the second grade from 10-11:00a.m., 8 persons from the third grade from 11-12:00 p.m., 8 persons from the the fourth grade from 1-2:00 p.m., 8 persons from the fifth grade from 2-3:00 p.m. and 8 persons from the sixth grade from 3-4:00 p.m.

The school teacher would be teaching a total of 48 children each day. The teacher would be serving 48 children per day, which means that 48 children per day could be counted towards the "average daily membership" for special education. The full time equivalent (FTE) for these students would only be 8, because the teacher, on the average, would only be teaching 8 children throughout the day. However, since units are being counted on the basis of pupils served, and not the length any one student is served, it would be possible to generate 6 units to cover the cost of one teacher in a classroom.

The foregoing example is exaggerated because it would be difficult for a special education teacher to schedule 8 students each hour of the work week. Also the standard teaching load sought for special education teachers in Anchorage is about 25 pupils to a resource teacher as opposed to the 48 pupils used in the example. Nevertheless, the methodology for pyramiding instructional units is accurate.

Now, assume that another 8 pupils in each classroom can be qualified for gifted and talented program. By following the same process as used for special education students, it can be seen that 6 units can be generated to generate revenues sufficient to hire six teachers, in classrooms, finance 1 gifted and talented teacher with a classroom.

Now, assume that a group of 8 students from each classroom can be qualified for a bilingual program. Once again, if 8 pupils will generate 1 unit, 1 bilingual teacher teaching 8 children per hour, for a total of 48 served per day, would generate enough money for 6 bilingual/bicultural teachers--the school district could generate funding equal to that which would finance 6 regular classroom units. (This is exaggerated as a "weighted average daily membership" is used for bilingual students which means that the number of bilingual pupils counted is fewer than the number served unless the pupil is in bilingual program 100% of the time.)

Now, for contrast, consider what would happen if the state separately funded vocational education students, not on the basis of how many are served each day (pupils in ADM), but rather on the basis of how many hours they are served (full time equivalents). This time assume that there are 8 pupils in each classroom which can qualify for a vocational education program and assume that the vocational education teacher has 8 pupils each hour of the day for a total of 48 vocational education pupils served during the day.

Now, since the instructional units are not based upon vocational education students in "average daily membership" or on the basis of number of pupils served each day, but are rather based upon the number of hours of instruction, the 8 pupils per hour will generate one unit and not six. The opportunity to manipulate does not exist with the full time equivalent (FTE) approach.

The cumulative total of units for these 138 pupils is 25, 4.15 pupils to a teacher. The funding for these units would also include funding supporting personnel for these teachers, including assistant superintendents, principals, secretaries, and maintenance personnel plus non-salary costs.

The 1970 instructional unit allotment program, as amended after 1975, did provide for allocation of instructional units for special education programs based upon special education pupils in "average daily membership". This created an opportunity for pyramiding units which was aggressively pursued by some school districts until 1983.

Ch. 75, SLA 1986, at AS 14.17.041 provides for vocational education students being counted on a ADM basis, not an FTE basis, special education students on a ADM basis, not an FTE basis and bilingual education on a "weighted ADM" basis, which is closer to "full time equivalent" basis than a ADM basis.

Under AS 14.17.041, as amended by Ch. 75, SLA 1986, 18 elementary school pupils will generate at least 1 instructional unit per 18 pupils, 16 secondary school pupils will generate at least 1 instructional unit, 5-10 vocational education students will generate at least 1 unit, 1-15 special education students will generate at least one unit, and 1-12 bilingual educational students will generate at least 1 instructional unit. There is an

opportunity to pyramid units for vocational education and special education and possibly for bilingual.

The first major change to Chapter 17 was enacted in 1975 to provide state aid through the foundation formula to the newly created REAAs. The 1975 amendments allowed REAAs 1) 100% of basic need, 2) a flat payment per pupil in lieu of local tax (to provide for more than 100% of basic need?), and 3) certain advantages in the instructional unit tables to compensate for very small student populations. In addition new regional cost multipliers for REAA's were added.

In 1977 the 5% isolation factor was repealed.

In 1980 it became apparent that Alaska was going to have much more in oil revenues than in previous years. The second major change occurred in 1980 with the passage of FCCS SB 199. The 1980 changes were intended to generate additional money for some school districts. The major sections of SB 199 were:

a. Three instructional units minimum. Revised the elementary formula to establish a minimum generation of three instructional units--enough for three teachers regardless of the number of pupils in the school. (An elementary school enrollment could drop to 5 but enough state aid would be generated for a minimum of three teachers.) AS 14.17.031 (c).

b. Separate counting of elementary schools. Allowed each elementary school to be counted as a separate attendance area. AS 14.17.031(b) as amended by S6-8, Ch. 26 SLA 1980.

c. Reduction of ADM generated revenues. Revised, in two-phases, the secondary formula which increased the minimum units generated and compressed the number of ADM at the top of the formula table--this increased the allocation to smaller school districts and reduced the amount for larger districts. AS 14.17.041.

d. Tax relief. Established a supplemental equalization aid program tied to the area differential rate to provide a form of "in lieu of local taxes" relief for all school districts. AS 14.17.023. This had a relatively insignificant effect on school district revenues.

e. Additional units for junior high school. Defined "jr. high school" on the basis of ADM as opposed to program--if there are 20 children in grades 5-8, at least three instructional units will be generated for a secondary school even though there are no secondary school students. AS 14.17.031(c).

f. Local effort repealed. Eliminated any reference to required local effort. AS 14.17.070 as repealed by S21, Ch. 26, SLA 1980; AS 14.17.030 on required local effort had been repealed by S11, Ch. 95, SLA 1969.

g. PL 81-874 monies. Allowed REAAs to "recapture" up to 20% of the PL 874 payments. (This would provide, in some cases, another 30%-40% in addition to the basic need being met by the state.)

h. 55% instructional expenditure requirement. Required each district spend at least 55% of its operating budget on instructional components. AS 14.17.081 added by S15, Ch. 26, SLA 1980.

Items (a), (b), (c) and (e) made it possible to generate a large number of additional units based on no or very few additional pupils. The legislation enacted in 1970 contained, in addition to regular elementary and secondary computation schedules, separate schedules for vocational and special education.

In 1978, the program was amended to include a separate schedule for bilingual/bicultural education. In 1981, SB23 changed special education from its original FTE basis to an ADM basis and established two separate schedules based on district total ADM. This opened the door to pyramiding of special education units.

In addition to the above; the legislature made periodic changes affecting 1) the area differential percentage schedules, 2) the differentials of specific districts, 3) the percentage of required local effort, 4) final entitlement (e.g., first quarter or year end "floor"), 5) revenue losses due to reduced instructional unit entitlement, 6) district and centralized correspondence program funding, and 7) foundation support for community schools programs.

Finally, successive legislatures have repealed several fund generation mechanisms, e.g., "mini" 874 (1980) and a 5% isolation factor (1977).

The foregoing changes are summarized in a Memorandum of Robert Van Slyke, Deputy Commissioner of Education to Commissioner Marshall L. Lind, dated January 15, 1982, at pp. 1-2.

VII SUSPENSION OF INSTRUCTIONAL UNITS PROGRAM

Robert Van Slyke, Deputy Commissioner of Education, in his memorandum of January 15, 1982, recommended a suspension of the 1970 formula because of "assumed inequities inherent" in the program. He proposed

...that the department seek relief from the requirements of AS 14.17 for a two to three year period, during which time state funding would be allocated on a straight per ADM per district allocation. The per ADM per district rate would be established, based on FY 83 figures. ... Increases in enrollment would generate the per ADM figure; decreases would be adjusted on the same basis. If the administration and the legislature wish to increase state support on some percentage basis, the percentage of increase would be applied to the statewide ADM figure as opposed to the instructional unit value.

It is also proposed that during the two-three year exemption period, an intensive study of total state funding for education be conducted which would culminate in a new distribution system which addresses the perceived current inequities in both operational and capital state support programs.

At about the same time there was a great deal of newspaper publicity about the steadily mounting fund balances of school districts receiving a large amount of dollars per pupil. In 1983, there was heavy newspaper coverage of the Bering Straits School District expenditures. That school district had sent a number of pupils and adult chaperones on a trip to Europe. In addition, the school superintendent had hired a consultant to act as acting superintendent while the superintendent campaigned in Atlanta, New Jersey for a seat on the executive board of the American Association of School Administrators. School officials were, according to the Alaska Professional Teaching Practices Commission, pressured to contribute to the effort and were invited to fly to the convention to campaign for the superintendent. Large salary increases for administrators soon followed. Anchorage Daily News, December 1985, C3. This suggested that revenues were outstripping needs for traditional K-12 programs.

The 1983 Legislature acted upon the recommendation of Mr. Van Slyke or of the State Department of Education and suspended the 1970 formula in favor of per pupil payments. Ch. 82, SLA 1983. The 1984 Legislature also suspended the formula but increased all payments by 4.5%. Ch. 6, SLA 1984. The 1985 Legislature reenacted the previous year program. Ch. 75, SLA 1985. Thus the formula was suspended for a total of three years.

VIII DEVELOPMENT OF A NEW FORMULA (1983-85)

The first two formula funding efforts were successful in the sense that the 1962 Legislature accepted nearly all of the recommendations of the blue ribbon committee and the 1970 Legislature accepted nearly all of the recommendations of the second group, except for the tax equalization recommendations.

In both cases, the group was charged with developing a formula for school funding that would be appropriate for Alaska schools.

In 1981, the Legislature appropriated \$560,000 to the State Department of Education for a study of the school funding formula. A December 1984 completion date was set.

In 1982, the State Department of Education decided to obtain proposals from outside firms with expertise in the subject of school finance, but only for the purposes of developing cost data as to the cost of delivering different educational programs under different situations. The development of a formula would then await the delivery of this cost information. The Department of Education could then decide how to handle the process of developing a formula after it had this information.

The Request for Proposals said:

This Request for Proposal (RFP) is to solicit proposals for the development of: (1) a program cost model which can be used by policy makers to arrive at alternative definitions of basic education need among Alaska school districts and (2) a regional cost-of-education index which can be used to adjust state aid payments for regional variations in the cost of providing a basic education program. A third and final component of this RFP is the development of a school finance computer simulation which provides policy makers with an opportunity to examine the existing as well as alternative state aid structures with the benefit of the information provided by the two research activities described above.

P. 10, 11.

The Palo Alto, California firm of CEI was selected by the Department of Education as the consultant. Representatives of this firm spent a good deal of time in Alaska and made various trips throughout Alaska to observe different conditions that would have a bearing on the cost of delivering education.

CEI developed an exceedingly complex formula which could be used by a computer. Different assumptions and cost figures could be inserted into the program and results could be quickly obtained. The data put into the computer would depend on the numbers used and the weighting given to those numbers. The Palo Alto

firm had various bases for numbers that they developed and for the weighting they assigned different cost factors.

The CEI firm either did not attempt to obtain actual cost information for specific school sites, or very early gave up efforts to develop this information. It is altogether possible that it would have been impossible for an outside consultant to obtain this information from any existing records. The situation had changed drastically since the 1950's and the early 60's when the Department of Education had detailed actual cost information for all of the school districts in the state plus half of the rural schools in the state. The situation had changed further after 1977 when the State Department of Education no longer had access to actual historic information for each of its rural schools. (This cost and budget information for state rural schools had been destroyed some years ago, and probably before the Palo Alto firm had been selected to do the work.)

For a cost such as heating a school building, the Palo Alto firm relied on isotherms indicating average temperatures during various months of the year in various parts of Alaska. This is statistical and mapped information that is available in California or any other place in the world. The results of using isotherms and similar data led to ridicule of the cost data generated by the consultant. The cost of obtaining fuel oil at the Cold Bay school, which is several hundred yards away from large bulk tanks of Standard Oil, is vastly different than the cost of oil at Stony River which is a couple hundred miles upstream from the Bering Sea on a stretch of very shallow river, without road or airstrip access. Reading of isotherms might indicate that the cost of heating a school building in Cold Bay would be about the same as the cost of heating a school building at Stony River, but this would be highly misleading, because the transportation cost would be so greatly different.

Part of the research firm's effort was the obtaining of consensus among educators, including teachers and principals, on the pupil-teacher ratios required for different grades. For purposes of their resources cost model, they assumed that if the standard classroom for grades 3-6 were one, then a lower pupil-teacher ratio would be required in the lower grades K-3 and lower pupil-teacher ratio for grades 7-12. These assumptions found general acceptance and are now found in Ch. 75, SLA 1986.

After having obtained a model, the Department of Education formed a 28 member committee made up of two state senators, two state representatives from the Association of School Boards, NEA/Alaska, Alaska Council of School Administrators, Alaska Municipal League, the Alaska Principals' Association and others. This committee met several times in the Winter and Spring of 1984 on school finance policy issues. The intent was that a consensus would be arrived which could be used as a basis for a funding formula. Although the participants spent a good deal of time discussing the role of local effort in funding schools, and the amount of local effort that ought to be taken into consideration,

the final report, omitted any reference to local funding as a source of revenues for Alaska schools. See Policy Recommendations for Alaska School Finance, Alaska Department of Education, Juneau, June 1984. In fact the Committee expressed contentment with state aid as being sufficient, in itself, to cover the costs of education. It said:

It was the general consensus that the State is currently providing equal educational opportunity through the appropriation of state dollars for support of education. p.5

The current school finance lawsuit of the Matanuska-Susitna Borough against the state is based on the premise that the state is not providing equal educational opportunity through the appropriation of state dollars.

Meanwhile the Department of Education assigned two staff persons to work on the formula, presumably relying upon recommendations of the advisory committee. In their first draft they included a provision for local effort similar to that found in the 1962-1970 school foundation program. However this apparently drew fire from some quarter or quarters and the inclusion of local effort as part of the formula was quickly dropped. At this point the efforts of the staff persons were doomed, because the staff persons were now expected to arrive at a formula that applied to all Alaska schools, recognizing all their educational needs, but which somehow would only result in 70-75% of the need of some schools being met with state dollars, while 100% of the needs of other school districts would be met 100% with non local dollars.

The resource cost model had worked with a multitude of cost variables. The staff persons, using a small percentage of these cost variables, arrived at a complex formula, but a much simpler formula than would have existed, using all or most of the consultants variables.

The following is only a portion of the formula developed. It also comprises only one of several funding sources. The following is set forth only to illustrate the difficulty of creating a formula that will provide 70-80% funding for some districts and 100% funding for others:

AS 14.16.040. DISTRICT UNITS. (a) The number of district units for each school district is calculated as follows:

$$\text{District Units} = \frac{(a + b + c + d + e + m + n + o + p)}{15} z$$

The full formula is set forth in Exhibit B.

Then to everyone's horror, it was found that some school districts would get more state dollars than before and other

school districts would receive less. This would not do. It was obvious that school districts with no tax base, or little tax base would, of necessity, have to receive a higher percentage of their need met by state dollars generated by the formula, while other school districts would have to continue to make a local effort similar to that which they had in the past, would have to receive less.

For this purpose, one mechanism is as good as another. The staff persons used a "dispersal factor" to measure the distance of schools from one or more central points, this being a measure of additional administrative burden. Unfortunately, this formula generated undesired results for some school districts which had historically received a great deal of state money, but which did not have dispersed schools. Dillingham is an example. All of Dillingham schools are in one building or in adjacent buildings. All of Kashunamiut's pupils are in one school in Chevak. Obviously there can be no dispersal factor that could be made to work for this centralized type of school district.

In addition, the amount of "dispersion" would necessarily be highly objective. For example, in the Matanuska-Susitna Borough, would a special education supervisor visiting a special education teacher at the Big Lake Elementary School, 25 miles to the west, be expected to stop at one or more of the elementary schools enroute, Finger Lake Elementary School 6 miles west, Cottonwood Creek Elementary School 8 miles to the west, Iditarod Elementary School 11 miles to the west and Big Lake Elementary School at 25 miles to the west.

For the purpose of consistency, it is necessary to make one assumption or the other, and here, the assumption was made that the supervisor or other administrator would always backtrack all the way back to the central headquarters and not stop anywhere enroute. This is an over simplified description of the way the dispersal index worked, but it explains the general principles.

The State Board of Education had reviewed the various drafts prepared by Department of Education staff in the Fall of 1984 and in January of 1985, and was dissatisfied with all of the approaches. Consequently nothing was transmitted to the Governor or the Legislature from the Department of Education on the school formula. The Legislature continued the per capita allocations put in place in 1983, but with a 4.5% cost of living increase for every school district.

In the Spring of 1985 the Department of Education hired a person with many years of experience in out of state school finance legislation to be director of their finance and law section. This person and another Department of Education staff person began work on a new formula.

In May, 1986, the first of what turned out to be nine meetings of a "Foundation Formula Advisory Committee" (FFAC) convened. This group was made up of representatives from the 55

school districts in the state, with the superintendent of the school district or the finance director usually being the person attending for the school district. (The 1985 Legislature had created two new school districts in the Lower Yukon and Lower Kuskokwim area for a total of 57 districts.)

The first meetings were devoted to working out a consensus on various elementary principles of school finance, such as, the weighting that should be given to various grades in allocating instructional units. Would, for example, the Palo Alto firm's weighting of K-3, 4-6, and 7-12 be used? The decision was that they would be used.

The Department of Education staff quickly generated a considerable amount of cost information, and particularly cost information regarding actual teacher salaries in the various school districts the amount of each school district's budget accounted for by personnel costs (generally 55-80%) and the amount accounted for by non-personnel costs (generally 20-45%).

In this earlier session there appeared to be a consensus that personnel and non-personnel costs would be dealt with separately. There was an attempt to identify actual non-personnel costs of the various school districts in various categories such as insurance, heating (oil or gas), electricity and supplies.

Although some information on cost of electricity per kilowatt hour in various parts of Alaska, airplane fares, etc. were generated, this effort was terminated very early in favor of a non-personnel experience of the various school districts and the percentage which these costs bore to actual personnel costs.

The August "Functional Outline for Proposed School Funding Formula" contained some of the features of the 1962-1970 School Foundation Act. A basic need for all school was established ("foundation") and then a local effort was subtracted from this amount to establish the state allocation. Compared to the 1984 Department of Education formula, it was relatively simple.

Here were the main elements:

a. Personnel costs.

Program	Base	Weight	Units
K	ADM/FTE	1.3	Base x Weight
1-2	ADM	1.15	
3-6	ADM	1.0*	
7-12	ADM	1.25	
Total ADM*		K-12 Units	

* 23 pupils would generate sufficient dollars to support a teacher, but not "non-personnel costs" such as electricity, heat, insurance, and supplies.

Additional units were allocated for pupils enrolled in special programs including (1) special education resource services (least intensive), (2) special education self contained (more intensive), (4) gifted/talented and (5) bilingual.

And then the units based upon number of teachers and other personnel for K-12 and special programs was multiplied by a "Training and Experience Index (T&E)" reflect fixed costs to the various school districts of having more experienced and trained teachers on the payroll. Only a partial credit of 30% was allowed for this known cost differential. This was the first time a T&E index had been considered in a state school formula.

b. Non-personnel costs.

A multiplier (index) for non-personnel costs was made based upon the previous cost history of each of the 55 school districts. Anchorage has historically spent about 20% of its school dollars, so its non-personnel cost multiplier was low. Some of the more remote school districts have spent up to 45% of their budgets on non-personnel costs, which translated into a high multiplier.

c. Deduction of local effort.

The total of (a) personnel and (b) non-personnel costs established the basic need for the school districts.

The local effort to be subtracted from the "basic need" was calculated similar to the 1962-70 formula.

Total Dollars

City & Borough

Less mill equivalent*
or

REAA's

Less 80% P.L. 81-874**

State funding

* Based upon 100% full and true values of real and personal property.

** Based upon the deduction for PL 81-874 in effect from 1980-83; before 1980 the deduction was 100%.

When this formula was run off by a computer in September 1985, the results were immediately given to the affected school districts. Those which would lose money objected vigorously.

At that time a decision was made to drop any reference to local effort, as had been previously done a year earlier, and to break any connection between an instructional unit and the cost of delivering any particular amount of education.

But then shortly thereafter, in November, a provision for a 2

mill property tax effort was included with a hold harmless provision for Valdez and North Slope Borough (Valdez and North Slope taxed themselves for education at less than 2 mills so a deduction of a two mill amount would more than eliminate any entitlement to state dollars). This local effort provision had a relatively minor effect on distribution of revenues among school districts or in decreasing any disparities in state aid wealthy and poor school districts.

The Department of Education staff had the same problem in late 1985 that the department staff had in 1984. They could not make the formula work where a school district had, for some reason or other, received a considerable amount of money per pupil previously, and now, would receive a lesser amount under the new formula.

House Bill 604 prepared by the Department of Education staff introduced by the Rules Committee by Request of the Governor was considerably different than the August 1985 formula and from the 1986 formula.

A "foundation" was established from which there was a very limited deduction for expected local effort (2 mills or its equivalent) and a deduction of 80% of PL 874. The deduction for local tax effort was relatively insignificant and had little effect on how state dollars would be allocated.

The calculation of units for number of students in various classes and various programs was similar to the August formula.

Then adjustments were made so that the final allocations would conform as nearly as possible to the allocations schools districts had been receiving. These introduced novel and last minute concepts to Alaska school finance including;

a. No winners-no losers.

No district gets more than 5% more than they had been receiving; no school district receives less than 5% than they had been receiving. (AS 14.17.025--Guaranteed Funding Level; AS 14.17.035 Limited Increase in Funding.)

b. Small community allotment.

More money for cities or incorporated communities (not school districts) with fewer than 500 pupils.

c. Small school district allotment.

More money for school districts with 500-3500 pupils with at least one city or unincorporated community with more than 500 pupils.

d. District location index adjustment.

A final partial adjustment based upon school district location. The adjustment would be 60% of the indices ranging from a low of 0.000 (Anchorage) to a high of 1.000 (North Slope). Mat-Su, Juneau, Kenai, Sitka and Ketchikan would be .050.

By applying a "no losers" and "no winners" factor to the formula it was possible to make sure that no school district would receive less than 5% than it had been receiving previously and no school district would receive more than 5%. However, to accomplish even this much, a substantial increase in state expenditures in state aid to education would be required, probably in the 20-30 million dollar range.

The Governor introduced the bill at the request of the State Board of Education. The bill was referred to the House Committee on Health Education and Social Services, where it was, in effect, set aside, in favor of a somewhat different House (HESS) committee substitute, which also was very complicated.

Meanwhile in the last days of the 1986 Legislative Session, a new bill prepared by Senator Frank Ferguson and his staff was submitted to the Senate HESS committee. The Senate HESS committee passed the bill out to the Senate Finance Committee. The House Finance Committee made some recommended minor changes to the Senate bill, but in the face of the Senate position, receded from its amendments. The Senate HESS bill was enacted as Ch. 75., SLA 1986.

IX CHAPTER 75, SLA 1986--THE CURRENT FORMULA.

No one can make any sense out of the current state school funding formula without an understanding of the 1970 instructional unit formula, the many amendments to it up to July 1, 1983 and the district manipulations of the formula. There is no written legislative history or explanation for the act, but the reasons for its most exotic feature--the "Instruction Unit Allotments" are well known.

The 1986 act was intended to be free of judgments. It was intended to perpetuate the level of funding of school districts as achieved by those districts before July 1, 1983. If there were inequities, these inequities would be continued. If a district had succeeded in taking advantage of the system by pyramiding of units these advantages would be codified into law:

In form the current state school aid bill is similar to the 1970 instructional unit formula. A major difference is the "Instructional Unit Allotment" multipliers to reflect cost of living differences were used. In 1970 the range of multipliers was narrow:

Southeastern and most of Southcentral	1.00
Central	1.05
Northwest	1.10
Remote	Add 5%

The range in the 1986 formula starts at minus 20 for Skagway and goes to plus 185 for Yupiit, a range of 105%.

The authors of the bill emphasized that these "instructional unit allotments" are not intended to reflect cost of living increases. Rather they are intended to reflect as closely as possible the differences in the distribution of state monies as these differences existed in the three previous years. If a school district had been able to pyramid its instructional units by obtaining secondary school units where there are no secondary school children, units for a large number of special education teachers where a low special education effort requiring few teachers is in place, it would keep all of these gains. If there is an obvious inequity such as Skagway receiving 32% less than its sister city Haines, this inequity would remain uncorrected. For a list of "Instructional Unit Allotments" see Exhibit C. For a list of school district expenditures and allocations of state monies see Exhibit D. For a comparison of salaries paid school teachers by the school districts see Exhibit E (This is taken from DOE's work on a second school foundation bill in 1986). And for cost of living differentials prepared for the State of Alaska Department of Administrations by the McDowell Group see Exhibit F - "Alaska Geographic Differential Study 1985".

Chapter 75, 1986 is more simple than the 1984 and 1986 Department of Education bills. The following are the chief elements of Chapter 75, SLA 1986:

a. Foundation dropped.

The foundation concept was dropped. Chapter 75 formula ignores non-state sources of funding except for a hold harmless provision for existing levels of federal PL 874 funding. There is no pretense of a "basic need" to be met. There are no goals for educational opportunity as measured by total dollars available for expenditure by various school districts.

b. Instructional units.

The assignment of instructional units for K-12 classes and for programs was similar to that in the State Department of Education bill.

c. Secondary school allocation.

The bill provides for "associated secondary schools" at locations where there are fewer than 20 children in grades 5-8 as follows:

Under 12	-	3	(a possible 3 new teachers and classrooms for one secondary school pupil)
12-20	-	4	
21-32	-	5	

This is similar to provisions in effect from 1980-1983, but unlike the earlier provisions there maybe a requirement that at least one secondary pupil exists.

d. Special programs allotments.

The formula provides for additional funding for pupils served in a (1) vocational education, (2) special education, and (3) bilingual. The students may be served very little, but if they are served one hour a day, they would be counted as if they were in the program for the full day (as well as being counted as a full time student in their K-12 class). This system offers all of the opportunities for abuse and manipulation that existed in the formula suspended in 1983.

e. "Instructional unit allotment" multipliers.

After instructional units are arrived at, they are then multiplied by multipliers that range from 8 for Skagway to 1.12 for Haines to 1.85 for Yupiit. In some cases the multiplier is similar to the one used in the 1984 Department of Education dispersal index and in the 1986 Department of Education index. In

some cases there is a major divergence. It is dissimilar to the 1970 instructional unit allotment in that the range for multipliers in 1970 was much more narrow--from 1.00 to 1.15; in Ch. 75, SLA 1986 the range is .80 to 1.85, seven times the 1970 range.

There are innumerable anomalies in the treatment of neighboring similar school districts. King Cove, 75 miles from Sand Point, has a multiplier of 140; Sand Point has a multiplier of 115; Haines, 15 miles away has a multiplier of 1.12 while Skagway has a multiplier of .80. (Note: from 1980-81 Skagway had a multiplier of 108 and Haines had a multiplier of 115. AS 14.17.051.) Galena which is surrounded by the Yukon-Koyukuk school district, has a multiplier of 155; the Yukon-Koyukuk school district which has many small dispersed schools has a multiplier of 150. The Pribiloffs have a multiplier of 105; the Aleutian Chain has 125 and Dillingham has 150. There are no explanations for these differences.

f. Adjustment for Assessed Valuation (district wealth).

Chaper 75, SLA 1986 added a district wealth feature similar to that used in the 1970 formula. As applied to the highest tax district--Mat-Su--the formula adjusts Mat-Su's state aid upward by about 1.43% over the aid that would have been allocated without an assessed valuation formula. The formula is:

(c) The equalized percentage for each city/borough school district is computed according to formula $P_i = 1 - (1-k) V_i/V_s$ in which

(1) P_i (equalized percentage) = percent of need to be provided by the state;

(2) K (minimum level of state support of basic need to be provided by the state;

(3) V_i (valuation per pupil in average daily membership in the district) = full and true value of taxable real and personal property within the city /borough district divided by the average daily membership of the district;

(4) V_s = average of the valuation per pupil in average daily membership for all the city/borough districts of the state:

(5) state aid as computed under this section constitutes at least 97 percent of the basic need, of each school district;

(6) for the purpose of calculating the amount of equalized percentage under this section, V_i/V_s may not exceed 1.00.

Using FY 86-87 valuations and 1986-87 dollar amounts for instructional units, the adjustment for district wealth for Mat-Su would be about \$391,000 or 1.43% out of a \$27,339,000 foundation amount, (Up to a 3% adjustment is allowed. North Slope, Unalaska, and Valdez receive a zero adjustment, Mat-Su receives an 1.43% additional amount and St Marys a 2.8% adjustment.

The foregoing is not a tax effort provision. A favorable adjustment can be made for a district with less than average district wealth even if it makes no local effort. A school district that taxes itself at one mill or equivalent would receive the same adjustment as a school district which taxes itself more heavily than any other district in the state.

The reference to tax levying school districts obtaining 97% of their "basic need" from the state is a spectacular piece of nonsense. It illustrates the mechanical application of earlier concepts (the 100% state funding approach of 1970), without comprehension of what the formulas or percentages mean. Obviously Anchorage could not maintain a K-12 program if the only dollars available to it were the state dollars it now receives, plus an additional 3% from the local property tax.

g. Adjustment for Local Dollars per Pupil in Excess of Statewide Average.

AS 14.17.023, as repealed and reenacted by Ch. 75, SLA 1986 makes a second adjustment. After state aid is distributed according to the formula 80 percent of remaining funds, if there are any remaining funds, are to be distributed to certain districts.

This adjustment is not related to district wealth (except for Valdez and North Slope which are excluded from the benefits of any secondary distribution) and is not related to any tax effort over 2 mills. All of the larger city and borough school districts tax themselves more than 2 mills. The formula does not distinguish between those school districts which are taxed at 2.1 mills for education and the school district which is taxed at 7 mills.

The AS 14.17.023 secondary distribution formula does not apply to any percentage of state aid to be allocated to school districts and, if state appropriations are not sufficient for a fiscal year to fund this part of the formula, does not result in the distribution of any additional state aid to any school district.

If there are any monies appropriated for state aid left over after \$42,184 has been distributed for each instructional unit submitted by the school district, 80% of the balance not to exceed 20 million dollars would be distributed to school districts whose:

- (1) local contribution to education for each student in average daily membership in the preceding fiscal year exceeds the statewide average local

contribution to education for each pupil in average daily membership for the preceding fiscal year; and

(2) local contribution to education for the preceding fiscal year exceeds the amount that would be generated by a two-mill levy on the full and true value of taxable real and personal property in the district, as determined under AS 14.17.140, for the preceding fiscal year.

(This would exclude Valdez and North Slope.)

This balance, say 16 million dollars (80% of \$20,000,000), would be distributed as follows:

an amount equal to the portion of the school district's local contribution to education for each student in average daily membership in the preceding fiscal year that exceeds the statewide average local contribution to education for each student in average daily membership in the preceding fiscal year.

Fairbanks was expected to be the primary beneficiary of this provision.

The formula has the effect of rewarding the relatively wealthy school district which can generate a great deal of local revenues with low tax effort (low property tax mill levy) and penalizes the poor school district which can raise only a small amount of local tax revenue even with a high tax effort (high property tax mill levy). The chances of there being any secondary distribution is always remote, because if state funding slips, as it has, or if there were more than a few resourceful school districts generating additional instructional units there would be no balance for a secondary distribution, there would be no dollars left for a secondary distribution. The secondary distribution feature is an adhoc tacked on provision that is integrated into formula. It is a last minute afterthought that does not meet any criteria for tax equalization or reduction in disparities of educational expenditures.

Despite the fact that there is insufficient state money for a \$42,184 distribution for each instructional unit (as of January 1987 the state proposed to distribute \$38,255 per unit), the state department of education was seeking as of December 1986 a means for making a secondary distribution of monies from the second fund to school districts which contribute greater than an average amount of local dollars to their school budgets.

X SITUATION IN 1987 - CUTBACKS IN EXPENDITURES

Because of plummeting oil prices it was not possible for the state to fully fund the Ch. 75, SLA 1986 school funding formula in the 1986-87 fiscal year. It is apparent the program will be severely underfunded in the 1987-88 fiscal year.

Some school districts are not seriously affected by the reductions in funding. This includes school districts which have been able to set aside large fund balances each year, the districts that receive large amounts of federal PL 81-874 monies over and above the need recognized by the state formula and, possibly, districts with very high tax wealth.

The larger tax levying school districts enrolling more than 75% of Alaska's pupils were confronted with the choice of large layoffs increasing the pupil-teacher ratio (average classroom size) or sharply raising the local property tax. Of the large property tax levying districts Anchorage is better able than most to weather the storm. This is because of Anchorage's relatively large tax base.

Some of the Rural Education Attendance Areas (REAA's) are in trouble. They cannot levy local taxes to make up shortfalls in state monies. Copper Valley's contractual commitments for salaries exceeds its ability to pay. Even if Copper Valley had no non-salary costs it could not meet its current payroll. Copper Valley is charged with being too soft in negotiations with its local teachers association. However, even if the Copper Valley contract with the teachers were exactly the same as that of Anchorage, Matsu, Kenai or other large school districts, Copper Valley would be hard pressed to pay. Copper Valley, unlike most REAA's, has an unusually large percentage of teachers with many years of teaching experience high on the salary schedule. The existing formula makes no provision for districts with high cost caused by low teacher turnover.

Other REAA's have been sued in connection with construction projects. In one case there is a judgment in favor of the construction contractor well in excess of the state capital grant to the REAA and far in excess of any fund balance.

When all school districts were generously funded - as was the case in Alaska before 1986 - there is less concern if one district is less generously funded than another. Where funding is less generous, and where some districts fall below a standard generally accepted as minimum, there is a greater concern that all state educational resources be used to maintain a minimum level of education in every school district.

Alaska had an excellent system of education at a time when it had no oil revenues or very little in oil revenues. This experience proves that Alaska can provide an adequate level of funding for schools with state revenues less than those of 1975-1986.

A financial setback can have positive results. The State of Washington has always made a major commitment to public education. Its commitment became much greater after a 1975 property taxpayer revolt that reduced school funding by 30 to 40% in Seattle and other school districts enrolling 25% of Washington's pupils. The state immediately responded to the challenge and restored the missing funding. The state did not back off of this solution except during the severe 1980-82 recession in the Pacific Northwest when public school funding was cutback. (In 1982 the Superior Court ordered the legislature to return to 100% funding of the "basic need" they had codified into law. A new legislature with a very different makeup was elected in 1982. This legislature restored the funding.) For ten years public education has been the top legislative priority in the State of Washington. See Exhibit G for a description of Washington's efforts.

Even with the sharp reduction in state funding, state funding for education is, with the exception of the State of Washington and Hawaii, more generous than state funding in other states. (The State of Washington because of a court order interpreting a provision of the state constitution has undertaken to pay for 100% of the cost of a "basic education"). U.S. Department of Education statistics show Alaska first in a number of educational categories. See Exhibit D for Alaska's ranking.

TABLE 1A:

ANALYSIS OF FISCAL CAPACITY/ADM BY TYPE

SCHOOL DISTRICT	ADM	LOCAL ADM AS % OF STATE ADM	FULL AND TRUE VALUE ASSESSED PROPERTY	ASSESSED VALUE PER ADM	LOCAL WEALTH AS % OF STATE WEALTH	CITY/BOROUGH FY87 APPROPRIATION	ONE MILL OF TOTAL ASSESSED VALUE
ANCHORAGE	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830	\$19,343,357
SUB-TOTAL	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830	\$19,343,357
NORTH SLOPE	1,155	1.26%	\$13,570,786,300	\$11,749,599	26.59%	\$12,885,000	\$13,570,786
KENAI	8,548	9.30%	\$3,905,341,700	\$456,872	7.65%	\$18,201,971	\$3,905,342
KETCHIKAN	2,439	2.65%	\$904,384,100	\$370,801	1.77%	\$5,397,783	\$904,384
JUNEAU	4,700	5.11%	\$1,688,992,300	\$359,360	3.31%	\$8,250,000	\$1,688,992
FAIRBANKS	13,431	14.81%	\$4,726,913,900	\$351,941	9.26%	\$21,448,271	\$4,726,914
MAT-SU	8,366	10.19%	\$2,716,755,900	\$290,066	5.32%	\$19,461,795	\$2,716,756
SITKA	1,654	1.80%	\$441,175,000	\$266,732	0.86%	\$2,978,379	\$441,175
KODIAK	2,278	2.48%	\$552,447,400	\$242,514	1.08%	\$2,201,800	\$552,447
NORTHWEST ARCTIC**	1,526	1.66%	\$235,045,200	\$154,027	0.46%		\$235,045
SUB-TOTAL	45,097	49.08%	\$28,741,841,800	\$637,334	56.31%	\$90,824,999	\$28,741,842
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,088,390	\$1,693,327
CORDOVA	390	0.42%	\$123,962,300	\$317,852	0.24%	\$625,005	\$123,962
HAINES	351	0.38%	\$97,621,600	\$278,124	0.19%	\$389,000	\$97,622
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053	\$108,671
DILLINGHAM	465	0.51%	\$107,515,700	\$231,217	0.21%	\$100,000	\$107,516
PETEI'SBURG	597	0.65%	\$135,355,400	\$226,726	0.27%	\$654,000	\$135,355
NOME	850	0.92%	\$151,635,000	\$178,394	0.30%	\$206,000	\$151,635
SUB-TOTAL	3,893	4.24%	\$2,418,087,200	\$620,818	4.74%	\$8,600,448	\$2,418,087
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000	\$95,565
SAND POINT	115	0.13%	\$74,641,100	\$649,053	0.15%	\$100,000	\$74,641
SKAGWAY	136	0.15%	\$59,036,600	\$434,093	0.12%	\$48,000	\$59,037
BRISTOL BAY	241	0.26%	\$101,541,000	\$421,332	0.20%	\$40,000	\$101,541
PELICAN	54	0.06%	\$14,987,400	\$277,544	0.03%	\$14,000	\$14,987
KING COVE	120	0.13%	\$24,391,400	\$203,262	0.05%	\$10,000	\$24,391
CRAIG	186	0.20%	\$37,304,700	\$200,563	0.07%	\$10,735	\$37,305
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000	\$11,755
NENANA	126	0.14%	\$18,099,500	\$143,647	0.04%	\$50,000	\$18,100
HYDABURG	97	0.11%	\$13,417,800	\$138,328	0.03%	\$1,200	\$13,418
GALENA	146	0.16%	\$20,106,900	\$137,718	0.04%	\$5,000	\$20,107
HOONAH	214	0.23%	\$29,237,500	\$136,624	0.06%	\$10,000	\$29,238
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614	\$18,137
KAKE	202	0.22%	\$12,188,400	\$60,339	0.02%	\$15,000	\$12,188
ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0	\$4,451
KLAWOCK	156	0.17%	\$5,841,100	\$37,443	0.01%	\$0	\$5,841
SUB-TOTAL	2,284	2.48%	\$540,701,000	\$238,734	1.08%	\$507,549	\$540,701
							\$0
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826	\$51,043,987

EXHIBIT A, p. 1

TABLE 1:

CITY/BOROUGH FISCAL CAPACITY AND FISCAL EFFORT

SCHOOL DISTRICT	ADM	LOCAL ADM AS % OF STATE ADM	FULL AND TRUE VALUE ASSESSED PROPERTY	ASSESSED VALUE PER ADM	LOCAL WEALTH AS % OF STATE WEALTH	CITY/BOROUGH APPROPRIATION/FY87
ANCHORAGE	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,482,830
BRISTOL BAY	241	0.26%	\$101,541,000	\$421,332	0.20%	\$40,000
CORDOVA	390	0.42%	\$123,962,300	\$317,852	0.24%	\$625,005
CRAIG	186	0.20%	\$37,304,700	\$200,563	0.07%	\$10,735
DILLINGHAM	465	0.51%	\$107,515,700	\$231,217	0.21%	\$100,000
FAIRBANKS	13,431	14.61%	\$4,726,913,900	\$351,941	9.26%	\$21,448,271
GALENA	146	0.16%	\$20,106,900	\$137,718	0.04%	\$5,000
HAIL ES	351	0.38%	\$97,621,600	\$278,124	0.19%	\$389,000
HOONAH	214	0.23%	\$29,237,500	\$138,624	0.06%	\$10,000
HYDABURG	97	0.11%	\$13,417,800	\$138,328	0.03%	\$1,200
JUNEAU	4,700	5.11%	\$1,688,992,300	\$359,360	3.31%	\$8,250,000
KAKE	202	0.22%	\$12,188,400	\$60,339	0.02%	\$15,000
KENAI	8,548	9.30%	\$3,905,341,700	\$456,872	7.65%	\$18,201,971
KETCHIKAN	2,439	2.65%	\$904,384,100	\$370,801	1.77%	\$5,397,783
KING COVE	120	0.13%	\$24,391,400	\$203,262	0.05%	\$10,000
KLAWOCK	156	0.17%	\$5,841,100	\$37,443	0.01%	\$0
KODIAK	2,278	2.48%	\$552,447,400	\$242,514	1.08%	\$2,201,800
MAT-SU	9,366	10.19%	\$2,716,755,900	\$290,066	5.32%	\$19,461,795
NENANA	126	0.14%	\$18,099,500	\$143,647	0.04%	\$50,000
NOME	850	0.92%	\$151,635,000	\$178,394	0.30%	\$206,000
NORTH SLOPE	1,155	1.26%	\$13,570,786,300	\$11,749,599	26.59%	\$12,885,000
NORTHWEST ARCTIC**	1,526	1.66%	\$235,045,200	\$154,027	0.46%	\$0
PELICAN	54	0.06%	\$14,987,400	\$277,544	0.03%	\$14,000
PETERSBURG	597	0.65%	\$135,355,400	\$226,726	0.27%	\$654,000
SAND POINT	115	0.13%	\$74,641,100	\$649,053	0.15%	\$100,000
SITKA	1,654	1.80%	\$441,175,000	\$266,732	0.86%	\$2,978,379
SKAGWAY	136	0.15%	\$59,036,600	\$434,093	0.12%	\$48,000
ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,088,390
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826

EXHIBIT A, P. 2

1984 DOE staff formula

AS 14.16.040. DISTRICT UNITS. (a) The number of district units for each school district is calculated as follows:

$$\text{District Units} = \frac{(a + b + c + d + \frac{e}{15} + m + n + o + p) z}{15}$$

where a, b, c, and d represent the weighted average daily membership for regular programs of schools with 160.1 or more students in average daily membership, calculated as follows:

a = kindergarten ADM full time equivalent x 1.2 weight factor

b = grades 1 and 2 ADM x 1.05 weight factor

c = grades 3 through 6 ADM x 1.0 weight factor

d = grades 7 through 12 ADM x 1.25 weight factor

where e represents the average daily membership for regular programs of schools in a single attendance area with 160 or fewer students in average daily memberships, weighted to include special education and vocational education programs, calculated as follows:

<u>School ADM</u>	<u>e</u>
10 and under	4.0 x ADM
10.1 through 30	40 + (3.0) (ADM-10)
30.1 through 90	100 + (2.0) (ADM-30)
90.1 through 160	220 + (.5) (ADM-90)
Over 160	Follow grade level schedule and special program weights.

where m, n, o, and p represent the weighted average daily membership for special programs, calculated as follows:

m = special education pupils ADM x .7 weight factor

n = bilingual/bicultural pupils ADM/FTE x .7 weight factor

o = vocational education pupils ADM/FTE x 1.05 weight factor

p = gifted and talented pupils ADM x .4 weight factor

where z represents the weight factor for the cost of education index, district size, attendance area size, and dispersed as follows:

Exhibit B, p 1

z = cost of education index + district size factor
 + attendance area factor + dispersed factor.

(1) where the cost of education factor for each district is determined from the following table. (Separate district cost of education index for each of the 53 school districts ranging from .95 for Chugach, Ketchikan and Petersburg to 1.35 for northwest REAA's; Anchorage, King Cove and 11 others at 1.00; Mat-Su at 1.05; Fairbanks and Dillingham at 1.10; Galena at 1.20.)

(2) where the district size factor is calculated by

District Size

0 through 350 ADM	.3 = District Size Factor
350.1 through 850 ADM	$\frac{105 \text{ ADM} + .1(\text{ADM}-350)}{\text{District ADM}}$
850.1 through 2750 ADM	$\frac{155 \text{ ADM} + .02(\text{ADM}-850)}{\text{District ADM}}$

(3) where districts have attendance areas that have more than 160 pupils in ADM, but less than 850 pupils in ADM, the attendance area factor is calculated by

$$\frac{.3(\text{District ADM} - \text{attendance areas ADM of less than } 160.1)}{\text{District ADM}}$$

(4) where districts of 2750 or less pupils in ADM and are defined as dispersed, the dispersed factor is calculated by

District ADM

0 through 350	.4 ADM = District Dispersed Factor
350.1 through 850	.3 ADM = District Dispersed Factor
850.1 through 2750	.2 ADM = District Dispersed Factor

Then, the staff persons did the only thing they could do.

FOUNDATION ANALYSIS/REAA

SCHOOL DISTRICT	TOTAL UNITS GENERATED	BASE VALUE OF TOTAL UNITS @ \$42,184	INSTRUCTIONAL UNIT ALLOT. AS14.17.056	TOTAL BASIC NEED	VALUE OF INSTRUCT. UNIT ALLOTMENT	VALUE OF INSTRUCT. UNIT ALLOT. PER ADM	COST OF LIVING DIFFERENTIALS
ADAK	60	\$2,531,040	95%	\$2,404,488	(\$126,552)	(\$208)	126%
ALASKA GATEWAY	69	\$2,910,696	125%	\$3,638,370	\$727,674	\$1,410	103%
ALEUTIANS	26	\$1,096,784	125%	\$1,370,980	\$274,196	\$3,152	126%
ANNETTE ISLAND	40	\$1,687,360	90%	\$1,518,624	(\$168,736)	(\$409)	102%
BERING STRAITS	184	\$7,761,856	145%	\$11,254,691	\$3,492,835	\$2,833	132%
CHATHAM	54	\$2,277,936	100%	\$2,277,936	\$0	\$0	105%
CHUGACH	22	\$928,048	125%	\$1,160,060	\$232,012	\$1,799	111%
COPPER RIVER	65	\$2,741,960	140%	\$3,038,744	\$1,096,784	\$1,907	111%
DELTA GREELY	100	\$4,218,400	115%	\$4,851,160	\$632,760	\$584	103%
IDITAROD	68	\$2,868,512	165%	\$4,733,045	\$1,864,533	\$4,673	129%
KASHUNAMIUT	24	\$1,012,416	140%	\$1,417,382	\$404,966	\$2,440	126%
KUSPUK	69	\$2,910,696	160%	\$4,657,114	\$1,746,418	\$4,280	129%
LAKE AND PENISULA	76	\$3,205,984	145%	\$4,648,677	\$1,442,693	\$3,899	129%
LOWER KUSKOKWIM	367	\$15,481,528	155%	\$23,996,368	\$8,514,840	\$3,183	139%
LOWER YUKON	163	\$6,875,992	120%	\$8,251,190	\$1,375,198	\$1,069	126%
PRIBILOF ISLANDS	21	\$885,864	105%	\$930,157	\$44,293	\$262	126%
RAILBELT	43	\$1,813,912	175%	\$3,174,346	\$1,360,434	\$3,811	129%
SOUTHEAST ISLANDS	82	\$3,459,088	108%	\$3,735,815	\$276,727	\$604	102%
SOUTHWEST	87	\$3,670,008	125%	\$4,587,510	\$917,502	\$1,888	129%
YUKON FLATS	70	\$2,952,880	165%	\$4,872,252	\$1,919,372	\$5,091	103%
YUKON KOYUKUK	94	\$3,965,296	150%	\$5,947,944	\$1,982,648	\$3,327	129%
YUPIIT	46	\$1,940,464	185%	\$3,589,858	\$1,649,394	\$5,787	139%
TOTAL	1830	\$77,196,720		\$106,856,712	\$29,659,992	\$2,285	

Exhibit C, p. 1

FOUNDATION PROGRAM ANALYSIS/CITY BOROUGH DISTRICTS

SCHOOL DISTRICT	ADM	BASE UNITS	VALUE OF	VALUE OF	SPECIAL PROGRAM	VALUE OF	VALUE OF
		AS14.17.041	BASE UNITS	REGULAR AID	UNITS AS14.17.041	SPECIAL PROGRAM	SPECIAL PROGRAM
		(a),(b),(f)	@ \$42,184	PER ADM	(c),(d),(e)	UNITS @\$42,184	AID PER ADM
ANCHORAGE	40,674	2,433	\$102,633,672	\$2,523	637	\$26,871,208	\$661
BRISTOL BAY	241	20	\$1,181,152	\$4,901	5	\$210,920	\$875
CORDOVA	390	40	\$1,687,360	\$4,327	11	\$464,024	\$1,190
CRAIG	186	23	\$970,232	\$5,216	4	\$168,736	\$907
DILLINGHAM	465	46	\$1,940,464	\$4,173	13	\$548,392	\$1,179
FAIRBANKS	13,431	809	\$34,126,856	\$2,541	201	\$8,478,984	\$631
GALENA	146	20	\$843,680	\$5,779	3	\$126,552	\$867
HAINES	351	37	\$1,560,808	\$4,447	9	\$379,656	\$1,082
HOONAH	214	25	\$1,054,600	\$4,928	5	\$210,920	\$986
HYDABURG	97	16	\$674,944	\$6,958	4	\$168,736	\$1,740
JUNEAU	4,700	284	\$11,980,256	\$2,549	96	\$4,049,664	\$862
KAKE	202	24	\$1,012,416	\$5,012	8	\$337,472	\$1,671
KENAI	8,548	585	\$24,677,640	\$2,887	139	\$5,863,576	\$686
KETCHIKAN	2,439	151	\$6,369,784	\$2,612	43	\$1,813,912	\$744
KING COVE	120	17	\$717,128	\$5,976	3	\$126,552	\$1,055
KLAWOCK	156	20	\$843,680	\$5,408	4	\$168,736	\$1,082
KODIAK	2,278	165	\$6,960,360	\$3,055	49	\$2,067,016	\$907
MAT-SU	9,366	573	\$24,171,432	\$2,591	130	\$5,483,920	\$586
NENANA	126	18	\$759,312	\$6,026	5	\$210,920	\$1,674
NOME	850	73	\$3,079,432	\$3,623	21	\$885,864	\$1,042
NORTH SLOPE	1,155	104	\$4,387,136	\$3,798	28	\$1,181,152	\$1,023
NORTHWEST ARCTIC.	1,526	142	\$5,990,128	\$3,925	43	\$1,813,912	\$1,189
PELICAN	54	12	\$506,208	\$9,374	1	\$42,184	\$781
PETERSBURG	597	56	\$2,362,304	\$3,957	13	\$548,392	\$919
SAND POINT	115	17	\$717,128	\$6,236	2	\$84,368	\$734
SITKA	1,654	102	\$4,302,768	\$2,601	37	\$1,560,808	\$944
SKAGWAY	136	19	\$801,496	\$5,893	2	\$84,368	\$620
ST. MARY'S	115	17	\$717,128	\$6,236	3	\$126,552	\$1,100
TANANA	78	14	\$590,576	\$7,571	3	\$126,552	\$1,622
UNALASKA	141	19	\$801,496	\$5,684	3	\$126,552	\$898
VALDEZ	791	69	\$2,910,696	\$3,680	18	\$759,312	\$960
WRANGELL	451	45	\$1,898,280	\$4,209	13	\$548,392	\$1,216
YAKUTAT	157	21	\$885,864	\$5,642	5	\$210,920	\$1,343
TOTAL	91,950	6,024	\$254,116,416	\$2,764	1561	\$65,849,224	\$716

Exhibit C, p. 2

FOUNDATION ANALYSIS/REAA

SCHOOL DISTRICT	ADM	BASE UNITS AS14.17.041 (a),(b),(l)	VALUE OF BASE UNITS @ \$42,184	VALUE OF REGULAR AID PER ADM	SPECIAL PROGRAM UNITS AS14.17.041 (c), (d), (e)	VALUE OF SPECIAL PROGRAM UNITS @ \$42,184	VALUE OF SPECIAL PROGRAM AID PER ADM
ADAK	607	40	\$1,687,260	\$2,780	20	\$843,680	\$1,390
ALASKA GATEWAY	516	57	\$2,404,488	\$4,660	12	\$506,208	\$981
ALEUTIANS	87	24	\$1,012,416	\$11,637	2	\$84,368	\$970
ANNETTE ISLAND	413	29	\$1,223,336	\$2,962	11	\$464,024	\$1,124
BERING STRAITS	1,233	143	\$6,032,312	\$4,892	41	\$1,729,544	\$1,403
CHATHAM	306	46	\$1,940,464	\$6,341	8	\$337,472	\$1,103
CHUGACH	129	21	\$885,864	\$6,867	1	\$42,184	\$327
COPPER RIVER	575	52	\$2,193,568	\$3,815	13	\$548,392	\$954
DELTA GREELY	1,084	73	\$3,079,432	\$2,841	27	\$1,138,968	\$1,051
IDITAROD	399	56	\$2,362,304	\$5,921	12	\$506,208	\$1,269
KASHUNAMIUT	166	15	\$632,760	\$3,812	9	\$379,656	\$2,287
KUSPUK	408	56	\$2,362,304	\$5,700	13	\$548,392	\$1,344
LAKE AND PENISULA	370	69	\$2,910,696	\$7,867	7	\$295,288	\$798
LOWER KUSKOKWIM	2,675	256	\$10,799,104	\$4,037	111	\$4,682,424	\$1,750
LOWER YUKON	1,286	128	\$5,399,552	\$4,199	35	\$1,476,440	\$1,148
PRIBILOF ISLANDS	169	16	\$674,944	\$3,994	5	\$210,920	\$1,248
RAILBELT	357	36	\$1,518,624	\$4,254	7	\$295,288	\$827
SOUTHEAST ISLANDS	458	77	\$3,248,168	\$7,092	5	\$210,920	\$461
SOUTHWEST	486	68	\$2,868,512	\$5,902	19	\$801,496	\$1,649
YUKON FLATS	377	60	\$2,531,040	\$6,714	10	\$421,840	\$1,119
YUKON KOYUKUK	596	78	\$3,290,352	\$5,521	16	\$674,944	\$1,132
YUPIIT	285	30	\$1,265,520	\$4,440	16	\$674,944	\$2,368
TOTAL	12,982	1430	\$60,323,120	\$4,647	400	\$16,873,600	\$1,300

Exhibit C, p. 4

FOUNDATION PROGRAM ANALYSIS/CITY AND BOROUGH DISTRICTS

SCHOOL DISTRICT	TOTAL UNITS GENERATED	BASE VALUE OF TOTAL UNITS @ \$42,184	INSTRUCTIONAL UNIT ALLOT. AS 14.17.056	TOTAL BASIC NEED	VALUE OF INSTRUCT. UNIT ALLOTMENT	VALUE OF INSTRUCT. UNIT ALLOT. PER ADM	COST OF LIVING DIFFERENTIALS'
PELICAN	13	\$548,392	110%	\$603,231	\$54,839	\$1016	105%
TANANA	17	\$717,128	140%	\$1,003,979	\$286,851	\$3678	129%
HYDABURG	20	\$843,680	104%	\$877,427	\$33,747	\$348	102%
SAND POINT	19	\$801,496	115%	\$921,720	\$120,224	\$1045	126%
ST. MARY'S	20	\$843,680	180%	\$1,518,624	\$674,914	\$5869	126%
NENANA	23	\$970,232	125%	\$1,212,790	\$242,558	\$1925	129%
KING COVE	20	\$843,680	140%	\$1,181,152	\$337,472	\$2812	126%
SKAGWAY	21	\$885,864	80%	\$708,691	(\$177,173)	(\$1303)	105%
GALENA	23	\$970,232	155%	\$1,503,860	\$533,628	\$3655	129%
UNALASKA	22	\$928,048	120%	\$1,113,658	\$185,610	\$1316	126%
YAKUTAT	26	\$1,096,784	115%	\$1,261,302	\$164,518	\$1048	105%
KLAWOCK	24	\$1,012,416	104%	\$1,052,913	\$40,497	\$260	102%
CRAIG	27	\$1,138,968	120%	\$1,366,762	\$227,794	\$1225	102%
KAKE	32	\$1,349,888	112%	\$1,511,875	\$161,987	\$802	98%
HOONAH	30	\$1,265,520	112%	\$1,417,382	\$151,862	\$710	105%
BRISTOL BAY	33	\$1,392,072	155%	\$2,157,712	\$765,640	\$3177	129%
HAINES	46	\$1,940,464	112%	\$2,173,320	\$232,856	\$663	105%
CORDOVA	51	\$2,151,384	95%	\$2,043,815	(\$107,569)	(\$276)	111%
WRANGELL	58	\$2,446,672	90%	\$2,202,005	(\$244,667)	(\$542)	98%
DILLINGHAM	59	\$2,488,856	150%	\$3,733,284	\$1,244,428	\$2676	129%
PETERSBURG	69	\$2,910,696	90%	\$2,619,626	(\$291,070)	(\$480)	98%
NORTHWEST ARCTIC	185	\$7,804,040	155%	\$12,096,262	\$4,292,222	\$2813	144%
NORTH SLOPE	132	\$5,568,288	175%	\$9,744,504	\$4,176,216	\$3616	144%
VALDEZ	87	\$3,670,008	115%	\$4,220,509	\$550,501	\$696	111%
NOME	94	\$3,965,296	155%	\$6,146,209	\$2,180,913	\$2566	132%
KODIAK	214	\$9,027,376	135%	\$12,186,958	\$3,159,582	\$1387	106%
KENAI	724	\$30,541,216	104%	\$31,762,865	\$1,221,649	\$143	101%
KETCHIKAN	194	\$8,183,696	100%	\$8,183,696	\$0	\$0	102%
SITKA	139	\$5,863,576	104%	\$6,098,119	\$234,543	\$142	101%
MAT-SU	703	\$29,655,352	104%	\$30,841,566	\$1,186,214	\$127	94%
JUNEAU	380	\$16,029,920	104%	\$16,671,117	\$641,197	\$136	103%
FAIRBANKS	1,010	\$42,605,840	113%	\$48,144,599	\$5,538,759	\$412	103%
ANCHORAGE	3,070	\$129,504,880	104%	\$134,685,075	\$5,180,195	\$127	100%
TOTAL	7,585	\$319,965,640		\$352,966,605	\$33,000,965	\$359	

Exhibit C, p. 5

FOUNDATION PROGRAM ANALYSIS/CITY AND BOROUGH DISTRICTS

SCHOOL DISTRICT	ADM	BASE UNITS	VALUE OF	VALUE OF	SPECIAL PROGRAM	VALUE OF	VALUE OF
		AS14.17.041	BASE UNITS	REGULAR AID	UNITS AS14.17.041	SPECIAL PROGRAM	SPECIAL PROGRAM
		(a),(b),(f)	@ \$42,184	PER ADM	(c), (d), (e)	UNITS @\$42,184	AID PER ADM
PELICAN	54	12	\$506,208	\$9,374	1	\$42,184	\$781
TANANA	78	14	\$590,576	\$7,571	3	\$126,552	\$1,622
HYDABURG	97	16	\$674,944	\$6,958	4	\$168,736	\$1,740
SAND POINT	115	17	\$717,128	\$6,236	2	\$84,368	\$734
ST. MARY'S	115	17	\$717,128	\$6,236	3	\$126,552	\$1,107
NENANA	126	18	\$759,312	\$6,026	5	\$210,920	\$1,674
KING COVE	120	17	\$717,128	\$5,976	3	\$126,552	\$1,055
SKAGWAY	136	19	\$801,496	\$5,893	2	\$84,368	\$620
GALENA	146	20	\$843,680	\$5,779	3	\$126,552	\$867
UNALASKA	141	19	\$801,496	\$5,684	3	\$126,552	\$898
YAKUTAT	157	21	\$885,864	\$5,642	5	\$210,920	\$1,343
KLAWOCK	156	20	\$843,680	\$5,408	4	\$168,736	\$1,082
CRAIG	186	23	\$970,232	\$5,216	4	\$168,736	\$907
KAKE	202	24	\$1,012,416	\$5,012	8	\$337,472	\$1,671
HOONAH	214	25	\$1,054,600	\$4,928	5	\$210,920	\$986
BRISTOL BAY	241	28	\$1,181,152	\$4,901	5	\$210,920	\$875
HAINES	351	37	\$1,560,808	\$4,447	9	\$379,656	\$1,082
CORDOVA	390	40	\$1,687,360	\$4,327	11	\$464,024	\$1,190
WRANGELL	451	45	\$1,898,280	\$4,209	13	\$548,392	\$1,216
DILLINGHAM	465	46	\$1,940,464	\$4,173	13	\$548,392	\$1,179
PETERSBURG	597	56	\$2,362,304	\$3,957	13	\$548,392	\$919
NORTHWEST ARCTIC	1,526	142	\$5,990,128	\$3,925	43	\$1,813,912	\$1,189
NORTH SLOPE	1,155	104	\$4,387,136	\$3,798	28	\$1,181,152	\$1,023
VALDEZ	791	69	\$2,910,696	\$3,680	18	\$759,312	\$960
NOME	850	73	\$3,079,432	\$3,623	21	\$885,864	\$1,042
KODIAK	2,278	165	\$6,960,360	\$3,055	49	\$2,067,016	\$907
KENAI	6,548	585	\$24,677,640	\$2,887	139	\$5,863,576	\$686
KETCHIKAN	7,439	151	\$6,369,784	\$2,612	43	\$1,813,912	\$744
SITKA	1,654	102	\$4,302,768	\$2,601	37	\$1,560,808	\$944
MAT-SU	9,366	573	\$24,171,432	\$2,581	130	\$5,483,920	\$586
JUNEAU	4,700	284	\$11,980,256	\$2,549	96	\$4,049,664	\$862
FAIRBANKS	13,431	809	\$34,126,856	\$2,541	201	\$8,478,984	\$631
ANCHORAGE	40,674	2,433	\$102,633,672	\$2,523	637	\$26,871,208	\$661
TOTAL	91,950	6,024	\$254,116,416	\$2,764	1561	\$65,849,224	\$716

Exhibit C, p. 6

TABLE 2B:

MAJOR REVENUE BY SOURCE FOR CITY/BOROUGH DISTRICTS

SCHOOL DISTRICT	ADM	FY87 CITY/BOROUGH APPROPRIATION PER ADM	STATE FOUNDATION PER ADM	P.L. 81-874 PER ADM	TOTAL REVENUE MAJOR SOURCES PER ADM
ANCHORAGE	40,674	\$1,561	\$3,169	\$0.00	\$4,730
BRISTOL BAY	241	\$166	\$8,950	\$1268.13	\$10,384
CORDOVA	390	\$1,603	\$5,142	\$30.38	\$6,775
CRAIG	186	\$58	\$7,265	\$178.51	\$7,501
DILLINGHAM	465	\$215	\$7,792	\$860.22	\$8,867
FAIRBANKS	13,431	\$1,597	\$3,599	\$3.72	\$5,200
GALENA	146	\$34	\$10,663	\$2939.91	\$13,637
HAINES	351	\$1,108	\$5,917	\$85.47	\$7,111
HOONAH	214	\$47	\$6,654	\$1146.29	\$7,848
HYDARURG	97	\$12	\$8,975	\$0.00	\$8,987
JUNEAU	4,700	\$1,755	\$3,473	\$7.66	\$5,236
KAKE	202	\$74	\$7,692	\$2253.71	\$10,020
KENAI	8,548	\$2,129	\$3,446	\$23.40	\$5,598
KETCHIKAN	2,439	\$2,213	\$3,529	\$8.20	\$5,750
KING COVE	120	\$83	\$9,215	\$475.33	\$9,773
KLAWOCK	156	\$0	\$7,507	\$1661.92	\$9,168
KODIAK	2,278	\$967	\$5,344	\$116.93	\$6,427
MAT-SU	9,366	\$2,078	\$2,966	\$0.00	\$5,044
NENANA	126	\$397	\$9,150	\$47.62	\$9,594
NOME	850	\$242	\$7,153	\$94.12	\$7,489
NORTH SLOPE	1,155	\$11,156	\$8,485	\$5714.29	\$25,355
NORTHWEST ARCTIC**	1,526	\$0	\$7,755	\$2444.57	\$10,200
PELICAN	54	\$259	\$11,333	\$0.00	\$11,592
PETERSBURG	597	\$1,095	\$4,054	\$8.38	\$5,158
SAND POINT	115	\$870	\$7,775	\$0.00	\$8,644
SITKA	1,654	\$1,801	\$3,768	\$72.55	\$5,641
SKAGWAY	136	\$353	\$7,140	\$0.00	\$7,493
ST. MARY'S	115	\$0	\$10,949	\$1739.13	\$12,688
TANANA	78	\$26	\$13,583	\$3005.81	\$16,615
UNALASKA	141	\$1,227	\$8,245	\$1347.52	\$10,820
VALDEZ	791	\$5,165	\$4,334	\$25.28	\$9,527
WRANGELL	451	\$1,193	\$4,809	\$0.00	\$6,002
YAKUTAT	157	\$182	\$7,979	\$382.17	\$8,543
TOTAL	91,950	\$1,756	\$3,706	\$152.75	\$5,615

Exhibit D, p. 1

REVENUE FROM VARIOUS SOURCES

SCHOOL DISTRICT	ADM	FY87 STATE FOUNDATION ENTITLEMENT (EST)	P.L. 81-874 FY87 ESTIMATED REVENUE	MISCELLANEOUS REVENUE: TOTAL ALL SOURCES	TOTAL REVENUE: ALL SOURCES	TOTAL REVENUE: ALL SOURCES/ADM
ADAK	607	\$2,092,326	\$2,104,016	\$310,600	\$4,506,942	\$7,425
ALASKA GATEWAY	516	\$3,559,313	\$775,872	\$347,205	682,390	\$9,074
ALEUTIANS	87	\$1,370,960	\$355,000	\$158,728	884,688	\$21,663
ANNETTE ISLAND	413	\$1,366,767	\$1,639,104	\$101,721	\$3,107,592	\$7,524
BERING STRAITS	1,233	\$11,193,524	\$4,141,068	\$735,313	\$16,069,905	\$13,033
CHATHAM	306	\$1,970,021	\$964,156	\$44,000	\$2,978,177	\$9,733
CHUGACH	129	\$1,370,890	\$140,000	\$15,000	\$1,525,890	\$11,829
COPPER RIVER	575	\$3,838,705	\$135,000	\$501,000	\$4,474,705	\$7,782
DELTA GREELY	1,084	\$4,802,648	\$1,252,228	\$652,007	\$6,706,881	\$6,187
IDITAROD	399	\$4,134,454	\$1,038,030	\$168,537	\$5,339,021	\$13,381
KASHUNAMIUT	166	\$1,417,382	\$750,000	\$0	\$2,167,382	\$13,057
KUSPUK	408	\$3,644,698	\$1,440,106	\$261,496	\$5,346,300	\$13,104
LAKE AND PENISULA	370	\$4,647,795	\$1,322,008	\$205,000	\$6,174,803	\$16,689
LOWER KUSKOKWIM	2,675	\$23,996,368	\$7,100,000	\$402,441	\$31,498,809	\$11,775
LOWER YUKON	1,286	\$7,426,071	\$5,413,552	\$1,193,480	\$14,033,103	\$10,912
PRIBILOF ISLANDS	169	\$1,019,227	\$748,781	\$50,000	\$1,818,008	\$10,757
RAILBELT	357	\$3,174,347	\$100,000	\$242,839	\$3,517,186	\$9,852
SOUTHEAST ISLANDS	458	\$2,952,223	\$849,550	\$416,821	\$4,218,594	\$9,211
SOUTHWEST	486	\$4,206,731	\$2,155,859	\$415,653	\$6,778,243	\$13,947
YUKON FLATS	377	\$4,935,528	\$714,000	\$168,000	\$5,817,528	\$15,431
YUKON KOYUKUK	596	\$5,429,081	\$1,721,696	\$297,369	\$7,448,146	\$12,497
YUPIIT	285	\$3,667,899	\$0	\$60,000	\$3,727,899	\$13,080
TOTAL	12,982	\$102,216,958	\$34,860,024	\$6,745,210	\$143,822,192	\$11,079

Exhibit D, p. 2

TABLE 2A:

DISTRICT RANKINGS BY MAJOR REVENUE SOURCES

SCHOOL DISTRICT	ADM	FY87 CITY/BOROUGH	STATE	P.L. 81-874	TOTAL REVENUE
		APPROPRIATION	FOUNDATION	PER ADM	MAJOR SOURCES
		PER ADM	PER ADM		PER ADM
NORTH SLOPE	1,155	\$11,158	\$8,485	\$5714.29	\$25,355
TANANA	78	\$26	\$13,583	\$3005.81	\$16,675
GALENA	146	\$34	\$10,663	\$2939.81	\$13,637
ST. MARY'S	115	\$0	\$10,949	\$1739.13	\$12,688
PELICAN	54	\$259	\$11,333	\$0.00	\$11,592
UNALASKA	141	\$1,227	\$8,245	\$1347.52	\$10,820
BRISTOL BAY	241	\$166	\$8,950	\$1288.13	\$10,384
NORTHWEST ARCTIC*	1,528	\$0	\$7,755	\$2444.57	\$10,200
KAKE	202	\$74	\$7,692	\$2253.71	\$10,020
KING COVE	120	\$83	\$9,215	\$475.33	\$9,773
NENANA	126	\$397	\$9,150	\$47.62	\$9,594
VALDEZ	781	\$5,169	\$4,334	\$25.28	\$9,527
KLAWOCK	156	\$0	\$7,507	\$1661.92	\$9,168
HYDABURG	97	\$12	\$8,975	\$0.00	\$8,987
DILLINGHAM	465	\$215	\$7,792	\$860.22	\$8,867
SAND POINT	115	\$870	\$7,775	\$0.00	\$8,644
YAKUTAT	157	\$182	\$7,979	\$382.17	\$8,543
HOONAH	214	\$47	\$6,651	\$1146.29	\$7,848
CRAIG	186	\$58	\$7,265	\$178.51	\$7,501
SKAGWAY	136	\$353	\$7,140	\$0.00	\$7,493
NOME	850	\$242	\$7,153	\$94.12	\$7,489
HAINES	351	\$1,108	\$5,917	\$85.47	\$7,111
CORDOVA	390	\$1,603	\$5,142	\$30.38	\$6,775
KODIAK	2,278	\$967	\$5,344	\$116.93	\$6,427
WRANGELL	451	\$1,193	\$4,809	\$0.00	\$6,002
KETCHIKAN	2,439	\$2,213	\$3,529	\$8.20	\$5,750
SITKA	1,654	\$1,801	\$3,768	\$72.55	\$5,641
KENAI	8,548	\$2,129	\$3,446	\$23.40	\$5,598
JUNEAU	4,700	\$1,755	\$3,473	\$7.66	\$5,236
FAIRBANKS	13,431	\$1,597	\$3,599	\$3.72	\$5,200
PETERSBURG	597	\$1,095	\$4,054	\$8.38	\$5,158
MAT-SU	9,366	\$2,078	\$2,966	\$0.00	\$5,044
ANCHORAGE	40,674	\$1,561	\$3,169	\$0.00	\$4,730
TOTAL	91,950	\$1,756	\$3,706	\$152.75	\$5,615

Exhibit D, p. 3

**TRANSITION DISTRICT (REF: AS14.17.210)

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	1.10
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	1.15
Juneau	1.609	1.063	26,078	41,959	44,298	1.06
Kake	1.324	0.958	26,078	34,527	39,922	1.16
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	39,500	1.10
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	1.070	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	1.10
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	1.10

EXHIBIT E, p. 1

	<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	1.09
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

Alaska Geographic Differential Study 1985

SCHOOL DISTRICT	STATE FOUND. AID PER ADM	ONE MILL GENERATION PER ADM	INSTRUCTIONAL UNIT ALLOT. AS14.17.056	COST OF LIVING DIFFERENTIALS*	PERCENTAGE EQUALIZER
CITIES/BOROUGH:					
ANCHORAGE	\$3,088	\$476	104%	100%	97.42994
BRISTOL BAY	\$8,746	\$421	155%	129%	97.72305
CORDOVA	\$5,054	\$318	95%	111%	98.28228
CRAIG	\$7,188	\$201	120%	102%	98.91613
DILLINGHAM	\$7,694	\$231	150%	129%	98.75047
FAIRBANKS	\$3,531	\$352	113%	103%	98.09806
GALENA	\$10,583	\$138	155%	129%	99.25575
HAINES	\$5,828	\$278	112%	105%	98.49697
HOONAH	\$6,605	\$137	112%	105%	99.26166
HYDABURG	\$8,908	\$138	104%	102%	99.25245
JUNEAU	\$3,406	\$359	104%	103%	98.05796
KAKE	\$7,666	\$60	112%	98%	99.67392
KENAI	\$3,361	\$457	104%	101%	97.53099
KETCHIKAN	\$3,458	\$371	100%	102%	97.99613
KING COVE	\$9,113	\$203	140%	126%	98.90154
KLAWOCK	\$7,491	\$37	104%	102%	99.79765
KODIAK	\$5,274	\$243	135%	106%	98.68941
MAT-SU	\$2,919	\$290	104%	94%	98.43244
NENANA	\$9,079	\$144	125%	129%	99.22371
NOME	\$7,084	\$178	155%	132%	99.03593
NORTH SLOPE	\$8,230	\$11750	175%	144%	97.00000
NORTHWEST ARCTIC	\$7,691	\$154	155%	144%	99.16761
PELICAN	\$11,163	\$278	110%	105%	98.50010
PETERSBURG	\$4,004	\$227	90%	98%	98.77474
SAND POINT	\$7,541	\$649	115%	126%	97.00000
SITKA	\$3,714	\$267	104%	101%	98.55854
SKAGWAY	\$5,973	\$434	80%	105%	97.65409
ST. MARY'S	\$10,926	\$39	180%	126%	99.79083
TANANA	\$13,473	\$151	140%	129%	99.18555
UNALASKA	\$7,998	\$678	120%	126%	97.00000
VALDEZ	\$4,203	\$2141	115%	111%	97.00000
WRANGELL	\$4,746	\$241	90%	98%	98.69784
YAKUTAT	\$7,929	\$116	115%	105%	99.37571
REAAS:					
ADAK	\$3,447		125%	126%	100.00000
ALASKA GATEWAY	\$6,898		185%	139%	100.00000
ALEUTIANS	\$15,758		145%	129%	100.00000
ANNETTE ISLAND	\$3,309		155%	139%	100.00000
BERING STRAITS	\$9,078		125%	129%	100.00000
CHATHAM	\$6,438		165%	129%	100.00000
CHUGACH	\$10,627		160%	129%	100.00000
COPPER RIVER	\$6,676		145%	132%	100.00000
DELTA GREELY	\$4,430		150%	129%	100.00000
IDITAROD	\$10,362		140%	126%	100.00000
KASHUNAMIUT	\$8,538		175%	129%	100.00000
KUSPUK	\$8,933		120%	126%	100.00000
LAKE AND PENISULA	\$12,562		105%	128%	100.00000
LOWER Kuskokwim	\$8,971		95%	126%	100.00000
LOWER YUKON	\$5,775		125%	111%	100.00000
PRIBILOF ISLANDS	\$6,031		140%	111%	100.00000
RAILBELT	\$8,892		100%	105%	100.00000
SOUTHEAST ISLANDS	\$6,446		165%	103%	100.00000
SOUTHWEST	\$8,656		125%	103%	100.00000
YUKON FLATS	\$13,092		108%	102%	100.00000
YUKON KOYUKUK	\$9,109		115%	103%	100.00000
YUPIIT	\$12,870		90%	102%	100.00000

Source:
 Statistics compiled
 by William Thompson
 Southeast Resource Center
 from DOE statistics and Exhibit F, p. 1
 from McDowell Group Report

SCHOOL FINANCE LEGISLATION IN THE STATE OF WASHINGTON; 1977-1987

Governor Booth Gardner, the Washington legislature and top Washington business leaders have made public schools and higher education their top legislative priority for 1987.

To University of Washington political scientist Dave Olson the remarkable thing about education in Washington is not the financial difficulties since 1975, but the massive commitment Washingtonians have made to education over the years.

After the 1976 superior court decision on school funding (that the state is responsible for 100% of the costs of a "basic education") and the 1977 legislative action to assume the responsibility for 100% financing, Washington moved toward the top of states in percentage of state support. By 1986 Washington was second in state support at 75.6%, a much higher level of support than Oregon's 27.9% (Idaho is 65.6%).

State and local school district before 1975 support for schools had been generous, Washington had one of the top teacher salary schedules in the nation; the fifth highest. Nearly all schools had music, art and sports. A majority of students went on to institutions of higher learning, probably the highest percentage in the United States. In 1975 a property taxpayers revolt caused this system of shared financial responsibility to fall apart - the local taxpayers refused to pay their share.

Under the Washington state constitution, voters have to annually approve any property tax mill levies for education - for those costs not paid for by the state. Even though this accounted for an average of 40% of the annual school expenditures in the state, voters regularly approved of the levies, if not on the first try, then on the second. The state constitution requires a 60% vote for approval of any local share. If this should be rejected, there could be a second election, but 60% approval is required and at least 60% of the number voting at the earlier election must vote at the second election. There is no similar vote requirement for city and county programs, except for bond approvals, so any impatience with the level of property taxes can only be expressed by a vote against school funding. (Washington does not have particularly heavy property taxes; it ranks 32 out of 50 states; in 1975 it ranked about 28 out of 50.)

In 1975 Seattle schools lost two elections - and 40% of their budget. This was accompanied by mill levy defeats in other districts that affected 25% of Washington's school children. Seattle schools gave layoff notices to about a third of their teachers. These were the younger teachers with the least tenure. Music and art were terminated. Sports were to be eliminated. The solution for sports was to give any teacher with a coaching certificate priority over teachers with greater tenure. About half of the laid off teachers were rehired when the 1976 legislature passed an emergency measure providing more money for

all school districts, but even with this aid some school districts had been damaged for years. Seattle had one of the most outstanding music programs in the country. This was gone .

The Seattle school district sued the state claiming that the state was not meeting its constitutional "paramount duty" to "make ample provisions for the education of all children." Reliance on special 60% vote levies did not provide stable revenues for an "ample education". In 1977 Superior Court Judge Robert Doran agreed with Seattle. Judge Doran ordered the state to pay for schools through a regular and dependable source, which, given the property tax limitations of the state constitution, could only be state funding. The 1977 legislature immediately responded and passed major school funding reforms. At this point Washington was on a different path than California where the California Supreme Court looked, not at sources of school funding, but at disparities in school expenditures among school districts--disparities which made the opportunity for an education a "function of the wealth of the child's parents and neighbors." In 1974 the Northshore School District, a low wealth district north of Seattle, raised the disparity argument. The Washington Supreme Court rejected the argument on the basis that Northshore had made an inadequate showing that the disparities were so great as to affect a fundamental right. The Northshore decision was unusually uncertain; the justices had stronger convictions after reading about crises in Washington schools in 1975.

In 1976 the average pupil-teacher ratio in Washington was 20:1. (This is misleading as principals, librarians, speech therapists and others who have teaching certificates are included. The actual average in the classroom is probably about 26:1.) In addition there was an average of one "classified" staff person (secretaries, custodians, bus drivers, lawyers, etc.) for each three persons with a teacher's degree. The state passed a "Basic Education Act" under which the state would provide sufficient funding to schools to provide for this average level of staff. It also provided state funding for special education, remedial and bilingual programs and transportation.

The legislature allowed school districts to tax themselves an additional 10% to "enrich" their programs. Only state monies could be used for teacher salaries, which meant that school districts could not supposedly compete for teachers by paying more. Teacher associations could not, as a practical matter, negotiate separate contracts for pay. (The teachers associations strongly opposed this feature added by the 1981 Legislature). As a practical matter wealthier school districts do pay more partly by paying for more days. Some districts had been raising more than 10% of their budget from local sources. Districts some such as Seattle, Bellevue and Mercer Island, all wealthy districts, were allowed to exceed the 10% for an interim period.

In 1985 local support averaged 18% with Seattle, Bellevue and Mercer Island at about 30%. Under the 10% provision these

levies were to be brought down to no more than 10% in any district in three years. The "basic education" level of education provided for in the 1977 Act had probably become sub-basic in a school district such as Sunnyside near Yakima. There the school board had never dared present a mill levy to the voters. The district scraped by on the basic education grant from the state. Sunnyside is one of the few Washington school districts with a high minority population, mostly children of farm workers.

By 1986 Washington education was relatively well funded. But there was slippage. Teacher salaries, averaging \$26,015, formerly fifth highest in the United States, became eleventh and were falling. Washington ranked 47 out of 50 states in class size (pupil-teacher ratio.)

Although Washington's adult population is overwhelmingly English speaking white, an increasing percentage of the school children were minority students, many from one parent and poverty level households. In 1970 the majority-minority ratio was 14:1, by 1986 it was 6:1. In Seattle, 84% nonminority, minority school children have increased from 24% of the school population in 1976 to 51% in 1986. With high birth rates among minority low income parents, especially unmarried and teenager parents, the ratio was projected to be 3:1 by 1995. The increasing number of children from poverty level and single parent households means a tremendous increase in children coming to school with severe learning disabilities and difficulties in staying in school. The dropout rate in the predominantly Hispanic Sunnyvale School District is 60%.

The Washington State Supreme Court never dealt squarely with differences in district wealth and the affect of those differences on the quality of a school child's education. In Kelso in Southwestern Washington, taxpayers have to pay a tax rate of \$89 per \$100,000 in property value to raise \$100 per child. Longview taxpayers a few miles away only pay \$33 per \$100,000 to raise the same amount. The big lumber mills and taxable wealth are in Longview. It is easier to pass mill levies in a wealthy district than in a poor district; in fact, if the district is poor enough it is pointless to try.

The level of understanding of education issues is unique in Washington. The Washington Roundtable, comprised of representatives of the top businesses of the state, has analyzed education as its first order of business and has made well publicized recommendations remarkably free from any partisan or "pro-business" low tax bias. The Citizens Education Center Northwest in Seattle continuously educated and informs. The level of competence among legislative staffs is high.

There is a consensus that more needs to be spent on public education - in the range of \$300 to \$500 million over a two year period - a 4-5% increase in the state's 1986 \$4.5 billion budget. With an additional \$220 million added in for higher education,

this would result in a 5-6% increase. There is no consensus as to where the money should come from. Education advocates instinctively denounce the overuse of sales tax (one of the highest in the country), underuse of the property tax (state constitutional problems here) and, above all, the absence of an income tax. The Washington Roundtable has not taken a position on sources, but it is expected to do so.

Very possibly any increase in education funding will depend on extending the sales tax to services of barbers, lawyers, engineers and doctors plus a sales tax on gasoline (Gardner lost resoundingly on a gas tax proposal in 1985).

What should the priorities be?

For State School Superintendent Frank B. Brouillet, and many others, it is the pupil-teacher ratio. Brouillet wants to reduce it from 1:20 to about 1:19: (This means that the actual number of children in the average classroom would go down from about 1:26 to 1:25.) There is a consensus that this is a top priority. Governor Gardner proposes that this be pared down to more teachers for just grades 1-3, where demands on elementary school teachers are considered greater and where Gardner believes educators can make the most difference.

Property tax equalization is recognized as a goal so that children in areas with low property valuations (Kelso, Sunnyside) do not suffer compared with those in richer districts. Most, probably school districts with below average wealth would receive payments from the state to bring their expenditures up to the level of the average district, but not to the level in Seattle's affluent suburbs. In other states this is the school finance issue the courts and legislature spend their time on.

There is a strong social aspect to Governor Gardner's approach to educational reform. Gardner has focused on the single parent, the pregnant teenager and the poverty level family. Gardner's proposals start before birth with a proposed prenatal care and continue after birth with a nutritional and infant-tracking program, a doubled head start program (Jules Sugarman, Gardner's Director of Health and Social Services, was the originator of the federal Head Start Program in 1964), reducing class sizes from kindergarten through third grade on the basis that additional effort for slow or troubled learners will have the greatest impact in these formative years, more money to schools with high dropout rates to retrieve students and more state aid for drug and alcohol abuse prevention classes.

Governor Gardner irritated the teachers associations with a proposal that the undergraduate teaching degree be scrapped. Instead student teachers would go through a two year master's program, with half that time devoted to practice teaching under higher paid "mentor" teachers and principals.

Gardner, in pursuing his "Schools for the 21st Century" has many more proposals for breaking from tradition. He wants 20 schools to apply for "21st Century Schools" for a chance to redesign what they are doing without regard to present state or local rules or union contracts for five years. These experimental schools would then have access to private foundation resource teams.

Washingtonians take pride in their institutions of higher learning, particularly the University of Washington in Seattle and Washington State University in Eastern Washington.

In 1986 220,000 students were attending college, about 3.5% of the state's population. The U.S. average is 2.9%. 53% of the students were in two year colleges, a little higher percentage than in other Pacific states and a much higher percentage than the U.S. average (38%).

Political scientist David Olson, in referring to Washingtonians "massive commitment to education" hedged when it came to funding of "elite" institutions, e.g. a top ranked University of Washington. Olson said that a democratic spirit tends to make higher education available to greater number but with a tendency to level down.

The colleges began to feel a pinch in the late 1970's during Dixie Lee Ray's administration. State appropriations did not keep up with the enrollment increases. Deep cuts came quickly in the sharp recession of the early 1980's. In 31 months there were five cuts in higher education for a total 30% cut.

Younger nontenured professors were laid off. Whole departments were folded, leaving tenured professors without students. Undergraduate class sizes routinely went up from 40-50 students to 200 students. There were salary increases for faculty, but less than inflation. By 1986 the average University of Washington salary was \$38,363 and the average Washington State salary \$33,906, about 18% less than that at "peer" institutions such as California, Michigan and Illinois. The president of the University of Washington said that the university would not recover until the end of the century. The university, ranked for decades as a top ranked university, had slipped into a second rate status.

The baby boom passed. College age persons in Washington decreased from 460,000 in 1980 to 400,000 in 1986. This brought some relief. By 1985 Washington was out of the recession.

The Washington Roundtable in its June 1986 report noted that "state's current spending on higher education is on a par with that of comparable states and systems" and that "Even though recent increases have been less in Washington, we (the Roundtable) do not recommend increases in funding." Instead the Roundtable made seventeen recommendations to restructure and focus the mission of the many higher education institutions and

programs. This included increasing minimum admission standards for four year institutions and improving the quality of undergraduate education.

The Washington Roundtable in a draft report had recommended targeting of higher dollar expenditures to research institutions. "Having our research institutions continue to fall behind their peers will damage these engines of economic growth." The council was stung by complaints that this was a call for cuts in community college funding claiming that their draft recommendations had been misunderstood.

Gardner's plan called for the state to spend an extra \$152 million in two years to raise professors salaries as much as 18% to reach pay levels at "peer" institutions - this to stop the "brain drain" of professors taking better jobs elsewhere.

The Washington Roundtable refers to the "growing number of states where higher education institutions have played a critical role in economic innovation and adaption by business and workers." Both the Roundtable and Gardner see the university as encouraging innovation in Washington businesses and educating persons with entrepreneurial and other skills to man new businesses - a role similar to Harvard, MIT and the many other institutions in Boston's high tech belt or Stanford and the other Bay area universities near California's Silicon Valley.

CHAPTER 28A.35—KINDERGARTENS

28A.35.010. Repealed by Laws 1982, ch. 158, § 7(1)

28A.35.011. Decodified

28A.35.020 to 28A.35.070. Repealed by Laws 1982, ch. 158, § 7(2) to (4)

28A.35.080. Decodified

CHAPTER 28A.40—PERMANENT COMMON SCHOOL FUND—COMMON SCHOOL CONSTRUCTION FUND

28A.40.100. Common school construction fund—Sources—Uses—Excess moneys in, availability, repayment

Cross References

State school fund, transfer to the common school construction fund, see § 43.79.425.

CHAPTER 28A.41—STATE GENERAL FUND SUPPORT TO PUBLIC SCHOOLS—SCHOOL DISTRICT REIMBURSEMENT PROGRAMS

(Formerly: Current State School Fund—School District Reimbursement Programs)

28A.41.055. Apportionment factors to be based on current figures—Rules and regulations

Administrative Code References

In general, see WAC 392-121-100 et seq.

28A.41.130. Annual basic education allocation of funds according to average FTE student enrollment—Student/teacher ratio standard

From those funds made available by the legislature for the current use of the common schools, the superintendent of public instruction shall distribute annually as provided in RCW 28A.48.010 to each school district of the state operating a program approved by the state board of education an amount which, when combined with an appropriate portion of such locally available revenues, other than receipts from federal forest revenues distributed to school districts pursuant to RCW 28A.02.300 and 28A.02.310, as the superintendent of public instruction may deem appropriate for consideration in computing state equalization support, excluding excess property tax levies, will constitute a basic education allocation in dollars for each annual average full time equivalent student enrolled, based upon one full school year of one hundred eighty days, except that for kindergartens one full school year shall be one hundred eighty half days of instruction, or

the equivalent as provided in RCW 28A.58.754, as now or hereafter amended.

Basic education shall be considered to be fully funded by those amounts of dollars appropriated by the legislature pursuant to RCW 28A.41.130 and 28A.41.140 to fund those program requirements identified in RCW 28A.58.754 in accordance with the formula and ratios provided in RCW 28A.41.140.

Operation of a program approved by the state board of education, for the purposes of this section, shall include a finding that the ratio of students per classroom teacher in grades kindergarten through three is not greater than the ratio of students per classroom teacher in grades four and above for such district: *Provided*, That for the purposes of this section, "classroom teacher" shall be defined as an instructional employee possessing at least a provisional certificate, but not necessarily employed as a certificated employee, whose primary duty is the daily educational instruction of students: *Provided further*, That the state board of education shall adopt rules and regulations to insure compliance with the student/teacher ratio provisions of this section, and such rules and regulations shall allow for exemptions for those special programs and/or school districts which may be deemed unable to practicably meet the student/teacher ratio requirements of this section by virtue of a small number of students: *Provided, further*, That these rules and regulations shall provide that any district that has a ratio of no greater than twenty-five students per classroom teacher in grades kindergarten through three shall be in conformance with this section.

If a school district's basic education program fails to meet the basic education requirements enumerated in RCW 28A.41.130, 28A.41.140 and 28A.58.754, the state board of education shall require the superintendent of public instruction to withhold state funds in whole or in part for the basic education allocation until program compliance is assured: *Provided*, That the state board of education may waive this requirement in the event of substantial lack of classroom space.

This section shall be effective September 1, 1982.

Amended by Laws 1982, ch. 158, § 2; Laws 1982, ch. 158, § 3, eff. Sept. 1, 1982; Laws 1983, ch. 3, § 30.

1982 Amendments. Laws 1982, ch. 158, § 2, amending the section as last amended by Laws 1979, Ex.Sess., ch. 250, § 2, in the introductory paragraph, in the exception, near the end, substituted "shall be one hundred eighty half days of instruction, or the equivalent as provided in RCW 28A.58.754, as now or hereafter amended" for "may be ninety days as provided by RCW 28A.58.180"; and added a last paragraph which read: "This section shall be null and void and of no effect on September 1, 1982."

Laws 1982, ch. 158, § 3, amending the section as last amended by Laws 1980, ch. 154, § 12, in the introductory paragraph, in the exception near the end, substituted "shall be one hundred eighty half days of instruction, or the equivalent as provided in RCW 28A.58.754, as now or hereafter amended" for "may be ninety days as provided by RCW 28A.58.180"; and added the last paragraph to read:

"This section shall be effective September 1, 1982."

1983 Amendment. Toward the middle of the first paragraph, substituted references to RCW 28A.02.300 and 28A.02.310 for a reference to RCW 36.33.110.

Severability—Laws 1982, ch. 158: See Historical Note following § 28A.58.754.

Cross References

Distribution of forest reserve funds, effect on basic education allocation, see § 28A.02.310.

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Note 4

Notes of Decisions

Injunction 4

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4. Injunction

School district and others did not establish prerequisites for injunction restraining governor from enforcing executive order instituting across-the-board expenditure reduction program to meet state's financial crisis, where, although petitioners had right to ample provision for education, they did not show that they had clear legal right to particular dollar amount of funding. (Per Brachtenbach, C.J., with three Judges concurring.) Seattle School Dist. No. 1 of

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King County v. State (1982) 87 Wash.2d 534, 647 P.2d 25.

5. Rules and regulations

Notwithstanding that school district had advance notice that Superintendent of Public Instruction intended to deduct from district's allocation of state basic education funds, revenue received by school district from timber sale from county-owned tax title parcel, Superintendent was required to adopt a rule under the Administrative Procedure Act (ch. 34.04) authorizing that specific deduction before doing so, and postdeduction rule identifying the deduction was not sufficient to cure the deficiency. Ocoata School Dist. No. 172 v. Brouillet (1984) 38 Wash.App. 785, 689 P.2d 1882.

28A.41.140. [Annual basic education allocation of funds according to average FTE student enrollment—Procedure to determine distribution formula—Submittal to legislature—Enrollment, FTE student, certificated and classified staff, defined—Minimum contact classroom hours—Waiver]

The basic education allocation for each annual average full time equivalent student shall be determined in accordance with the following procedures:

The governor shall and the superintendent of public instruction may recommend to the legislature a formula based on a ratio of students to staff for the distribution of a basic education allocation for each annual average full time equivalent student enrolled in a common school. The distribution formula shall have the primary objective of equalizing educational opportunities and shall provide appropriate recognition of the following costs among the various districts within the state:

- (1) Certificated staff and their related costs;
- (2) Classified staff and their related costs;
- (3) Nonsalary costs;
- (4) Extraordinary costs of remote and necessary schools and small high schools; and
- (5) The attendance of students pursuant to RCW 28A.58.075 and 28A.58.245, each as now or hereafter amended, who do not reside within the servicing school district.

This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature. Commencing with the 1980-81 school year, the formula adopted by the legislature shall reflect a ratio of not less than fifty certificated personnel to one thousand annual average full time equivalent students and one classified person to three certificated personnel. In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect: *Provided*, That the distribution formula developed pursuant to this section shall be for state apportionment

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and equalization purposes only and shall not be construed as mandating specific operational functions of local school districts other than those program requirements identified in RCW 28A.58.754. The enrollment of any district shall be the annual average number of full time equivalent students and part time students as provided in RCW 28A.41.145, as now or hereafter amended, enrolled on the first school day of each month. The definition of full time equivalent student shall be determined by rules and regulations of the superintendent of public instruction: *Provided*, That the definition shall be included as part of the superintendent's biennial budget request; *Provided, further*, That any revision of the present definition shall not take effect until approved by the house appropriations committee and the senate ways and means committee; *Provided, further*, That the office of financial management shall make a monthly review of the superintendent's reported full time equivalent students in the common schools in conjunction with RCW 43.62.050.

Certificated staff shall include those persons employed by a school district in a teaching, instructional, educational staff associate, learning resources specialist, administrative or supervisory capacity and who hold positions as certificated employees as defined under RCW 28A.01.130, as now or hereafter amended, and every school district superintendent, and any person hired in any manner to fill a position designated as, or which is in fact, that of deputy superintendent or assistant superintendent: *Provided*, That in exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision; *Provided, further*, That the hiring of such noncertificated people shall not occur during a labor dispute and such noncertificated people shall not be hired to replace certificated employees during a labor dispute. Each annual average full time equivalent certificated classroom teacher's direct classroom contact hours shall average at least twenty-five hours per week. Direct classroom contact hours shall be exclusive of time required to be spent for preparation, conferences, or any other nonclassroom instruction duties. Up to two hundred minutes per week may be deducted from the twenty-five contact hour requirement, at the discretion of the school district board of directors, to accommodate authorized teacher/parent-guardian conferences, recess, passing time between classes, and informal instructional activity. Implementing rules to be adopted by the state board of education pursuant to RCW 28A.58.754(6) shall provide that compliance with the direct contact hour requirement shall be based upon teachers' normally assigned weekly instructional schedules, as assigned by the district administration. Additional record-keeping by classroom teachers as a means of accounting for contact hours shall not be required. However, upon request from the board of directors of any school district, the provisions relating to direct classroom contact hours for individual teachers in that district may be waived by the state board of education if the waiver is necessary to implement a locally approved plan for educational excellence and the waiver is limited to those individual teachers approved in the local plan for educational excellence. The state board of education shall develop criteria to evaluate the need for the waiver. Granting of the waiver shall depend upon verification that: (a) The students' classroom instructional time will not be reduced; and (b) the teacher's expertise is critical to the success of the local plan for excellence.

Amended by Laws 1983, ch. 229, § 1; Laws 1985, ch. 849, § 5.

Exhibit 5, p. 8

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1983 Amendment. In the last paragraph, added the last two sentences. 1985 Amendment. Added the last three sentences in the section.

28A.41.143. Annual basic education allocation of funds according to average FTE student enrollment—Procedure for crediting portion for school building purposes

The board of directors of a school district may, by properly executed resolution, request that the superintendent of public instruction direct a portion of the district's basic education allocation be credited to the district's capital projects fund and/or bond redemption fund. Moneys so credited shall be used solely for school building purposes.

Amended by Laws 1985, ch. 7, § 89.

1985 Amendment. Near the end of the first sentence, substituted "capital projects fund" for "building fund".

28A.41.145. [Definitions—Enrollment of part time students authorized—Reimbursement for costs—Funding authority recognition—Rules, regulations]

(1) For purposes of this section, the following definitions shall apply:

(a) "Private school student" shall mean any student enrolled full time in a private school;

(b) "School" shall mean any primary, secondary or vocational school;

(c) "School funding authority" shall mean any nonfederal governmental authority which provides moneys to common schools;

(d) "Part time student" shall mean and include: Any student enrolled in a course of instruction in a private school and taking courses at and/or receiving ancillary services offered by any public school not available in such private school; or any student who is not enrolled in a private school and is receiving home-based instruction under RCW 28A.27.010 which instruction includes taking courses at or receiving ancillary services from the local school district or both; or any student involved in any work training program and taking courses in any public school, which work training program is approved by the school board of the district in which such school is located.

(2) The board of directors of any school district is authorized and, in the same manner as for other public school students, shall permit the enrollment of and provide ancillary services for part time students: *Provided*, That this section shall only apply to part time students who would be otherwise eligible for full time enrollment in the school district.

(3) The superintendent of public instruction shall recognize the costs to each school district occasioned by enrollment of and/or ancillary services provided for part time students authorized by subsection (2) of this section and shall include such costs in the distribution of funds to school districts pursuant to RCW 28A.41.140. Each school district shall be reimbursed for the costs or a portion thereof, occasioned by attendance of and/or ancillary services provided for part time students on a part time basis, by the superintendent of public instruction, according to law.

(4) Each school funding authority shall recognize the costs occasioned to each school district by enrollment of an ancillary services provided for part

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28A.41.162

time students authorized by subsection (2) of this section, and shall include said costs in funding the activities of said school districts.

(5) The superintendent of public instruction is authorized to adopt rules and regulations to carry out the purposes of RCW 28A.41.140 and 28A.41.145.

Amended by Laws 1985, ch. 441, § 5.

1985 Amendment. In definition of "private school student", following "in a private", deleted "or private sectarian"; rewrote definition of "part time student"; rewrote subsec. (2); and, in subsecs. (3) and (4), following "subsection (2)", inserted "of this section".

Administrative Code References
In general, see WAC 292-134-001 et seq.

28A.41.160. Reimbursement for transportation costs—Method—Limitations

Administrative Code References

In general, see WAC 392-141-005 et seq.

28A.41.162. Additional programs for which legislative appropriations must or may be made

In addition to those state funds provided to school districts for basic education, the legislature shall appropriate funds for pupil transportation, in accordance with this chapter, and for programs for handicapped students, in accordance with chapter 28A.18 RCW. The legislature may appropriate funds to be distributed to school districts for population factors such as urban costs, enrollment fluctuations and for special programs, including but not limited to, vocational-technical institutes, compensator programs, bilingual education, urban, rural, racial and disadvantaged programs, programs for gifted students, and other special programs.

Amended by Laws 1982, 1st Ex.Sess., ch. 24, § 1.

Effective date—Laws 1982, 1st Ex. Sess., ch. 24: "Sections 2 and 8 of this amendatory act shall take effect September 1, 1982." [Laws 1982, 1st Ex.Sess., ch. 24, § 6.] Sections 2 and 8 of Laws 1982, 1st Ex.Sess., ch. 24 are codified as §§ 28A.41.620 and 28A.41.525. The remaining sections are effective July 10, 1982.

1982 Amendment. In the first sentence, substituted "this chapter" for a reference to "RCW 28A.41.160".

Severability—Laws 1982, 1st Ex. Sess., ch. 24: "If any provision of this amendatory act or its application to any

person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [Laws 1982, 1st Ex.Sess., ch. 24, § 7.] This applies to §§ 28A.41.162, 28A.41.520, 28A.41.525, the section noted following § 28A.41.520, and the repeal of section 19, chapter 265, Laws of 1981 (uncodified).

Report of legislature relating to student transportation allocation—Laws 1982, 1st Ex.Sess., ch. 24: See Historical Note following § 28A.41.520.

Exhibit G, p. 9

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ment under the provisions of 16 U. S.C.A. § 500 as a contribution in lieu of taxes, is a matter within the discretion of the legislature so long as the funds are used for either public schools or public roads or both. It

28A.41.140 Annual basic education allocation of funds according to average FTE student enrollment

—Procedure to determine distribution formula—Submittal to legislature—Enrollment FTE student, certificated and classified staff, defined—Minimum contact classroom hours

The basic education allocation for each annual average full time equivalent student shall be determined in accordance with the following procedures:

The governor shall and the superintendent of public instruction may recommend to the legislature a formula based on a ratio of students to staff for the distribution of a basic education allocation for each annual average full time equivalent student enrolled in a common school. The distribution formula shall have the primary objective of equalizing educational opportunities and shall provide appropriate recognition of the following costs among the various districts within the state:

- (1) Certificated staff and their related costs;
- (2) Classified staff and their related costs;
- (3) Nonsalary costs;
- (4) Extraordinary costs of remote and necessary schools and small high schools; and
- (5) The attendance of students pursuant to RCW 28A.58.073 and 28A.58.245, each as now or hereafter amended, who do not reside within the servicing school district.

This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature. Commencing with the 1980-81 school year, the formula adopted by the legislature shall reflect a ratio of not less than fifty certificated personnel to one thousand annual average full time equivalent students and one classified person to three certificated personnel. In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the dis-

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tribution formula for the previous school year shall remain in effect: *Provided*, That the distribution formula developed pursuant to this section shall be for state apportionment and equalization purposes only and shall not be construed as mandating specific operational functions of local school districts other than those program requirements identified in RCW 28A.58.754. The enrollment of any district shall be the annual average number of full time equivalent students and part time students as provided in RCW 28A.41.145, as now or hereafter amended, enrolled on the first school day of each month. The definition of full time equivalent student shall be determined by rules and regulations of the superintendent of public instruction: *Provided*, That the definition shall be included as part of the superintendent's biennial budget request: *Provided, further*, That any revision of the present definition shall not take effect until approved by the house appropriations committee and the senate ways and means committee: *Provided, further*, That the office of financial management shall make a monthly review of the superintendent's reported full time equivalent students in the common schools in conjunction with RCW 43.62.050.

Certificated staff shall include those persons employed by a school district in a teaching, instructional, educational staff associate, learning resources specialist, administrative or supervisory capacity and who hold positions as certificated employees as defined under RCW 28A.01.130, as now or hereafter amended, and every school district superintendent, and any person hired in any manner to fill a position designated as, or which is in fact, that of deputy superintendent or assistant superintendent: *Provided*, That in exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision: *Provided, further*, That the hiring of such noncertificated people shall not occur during a labor dispute and such noncertificated people shall not be hired to replace certificated employees during a labor dispute. Each annual average full time equivalent certificated classroom teacher's direct classroom contact hours shall average at least twenty-five hours per week. Direct classroom contact hours shall be exclusive of time required to be spent for preparation, conferences, or any other nonclassroom instruction duties. Up to two hundred minutes per week may be deducted from the twenty-five contact hour requirement, at the discretion of the school district board of directors, to accommodate authorized teacher/parent-guardian conferences, recess, passing time between classes, and informal instructional activity.

EXHIBIT G, P. 10



Funding Schools In Washington

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Basic Education Act

This law was passed in 1977 to comply with the state constitutional mandate that the state must make "ample provision" for education and must do so on a "general and uniform" basis.

The Basic Education Act defines a minimum program of education that each school district must offer (but not that each student must take) in order to qualify for state funds. It also establishes a funding formula to distribute these funds to districts equitably. The law describes what the state legislature means by "full funding" of basic education.

There are four main parts.

A. DEFINITION OF BASIC EDUCATION

The law defines the broad basic- and work-skill courses that constitute a program of basic education.

Basic Skills: reading, language arts, math, social studies, science, music, art, health, physical education, and foreign languages.

Work Skills: industrial arts, home and family life, business and office, agricultural, vocational, health occupations, trade and industrial, technical, and career education courses within the basic skills areas that have job application, such as graphic arts and journalism.

Other courses not identified as basic or work skills are considered electives.

School districts are required to offer certain percentages of these courses in elementary, junior high, and high school, or state funds may be withheld. Minimum hours of instruction per year for various grade levels are prescribed that, in turn, establish a minimum length for the school day. In addition, a school year must be a minimum of 180 days.

Grade Level	Courses a District Must Offer*	Length of School Day
K	100% Basic (B)	2.5 Hours
1-3	95% B; 5% Elective (E)	5.0 Hours
4-6	90% B; 10% E	5.5 Hours
7-8	85% B; 10% Work (W); 5% E	5.5 Hours
9-12	60% B; 20% W; 20% E	6.0 Hours

*Districts may deviate from the course percentages by up to 5 percent. Handicapped, vocational-technical, and state institution programs are exempt from the course requirements.

B. FUNDING FORMULA

The funding formula describes how the state will pay for this program of education. Its purpose is to distribute money equitably among districts for basic education. The formula does not dictate how districts should spend the money they receive or how they should staff their schools, although districts are restricted from using money from any source to support salary increases beyond the salary lid as prescribed by the state.

Each biennium, the governor recommends to the legislature, which has final approval, a staff-student ratio that becomes the basis of a formula for distributing money to local districts. That formula must recognize at least the following basic education costs:

1. Salary costs for:

- 1 certificated staff member for every 20 full-time equivalent students (or 50:1000), and
- 1 classified staff member for every 3 certificated staff members.

2. Nonsalary costs, such as books, supplies, heat, and electricity (called NERCS: non-employee related costs).

3. Extra costs of small schools.

4. Extra costs of students from districts without high schools.

Certificated staff are: teachers, librarians, principals, counselors, nurses, central office administrators, superintendents, and others who hold teaching certificates.

Classified staff are: secretaries, custodians, bus drivers, lawyers, lunchroom workers, accountants, computer programmers, and others without teaching certificates.

Each classroom teacher is to teach for an average of 25 hours per week. Up to 200 minutes a week may be subtracted from this teaching time for other activities, including conferences, recess, and passing time between classes. In addition, a teacher working on a local district's plan for excellence may be exempted from the average instructional time requirement.



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C. CATEGORICAL PROGRAMS

The following special programs have also been defined as part of a basic education program as a result of court interpretations, (Doran II, April 1983). They are funded separately from the funding formula described above but are also included within the state's constitutional obligation.

1. **TRANSPORTATION**—The state has allocated funds to school districts to cover the operating costs of transporting eligible students to and from school. For students to qualify for this state-funded transportation, they must live at or outside of a one-mile radius surrounding the school. Students living within this radius may receive state-funded transportation if their route to school is deemed hazardous according to state criteria.

State funding for transportation shall also cover the costs of buying buses.

2. **HANDICAPPED**—The state assumes responsibility for providing an appropriate education for handicapped students between the ages of three and twenty-one.

Definitions:

a) **Handicapped student:** One who is temporarily or permanently retarded in normal educational process by reason of a physical or mental handicap, an emotional maladjustment or other handicap, or who has specific learning and language disabilities.

b) **An appropriate education:** One directed to the unique needs, abilities, and limitations of a handicapped student.

In order to be included within this program, the student must meet certain eligibility criteria for one of the following handicaps: developmentally delayed; orthopedically impaired; health impaired; deaf; hard of hearing; visually handicapped; deaf-blind; mentally retarded; behaviorally disordered; specific learning disabled; multihandicapped; and communication disordered. Funding for handicapped programs is based upon the severity of the handicap.

The state also requires school districts to provide preschool education programs for handicapped three- and four-year-olds.

3. **BILINGUAL**—In 1984, the Transitional Bilingual Instruction Act that had been passed in 1979 was defined as part of basic education and thereby guaranteed funding.

The law sets forth definitions and procedures for providing bilingual instruction to eligible students. The objective is competency in English.

Definitions:

a) **Transitional bilingual instruction:** A way of teaching that uses two languages, one of which is English, to enable eligible students to achieve competency in English.

b) **Alternative instruction program:** Programs such as English as a Second Language (ESL) or Immersion which may be used when bilingual education is not practicable.

c) **Eligible student:** One whose primary language is other than English and whose English language skills are such as to impair learning when taught only in English.

Every school district's board of directors shall:

1. Make bilingual instruction available to eligible students.
2. Appoint an advisory committee of citizens, including parents of eligible students, teachers, and other staff.
3. Attempt, where feasible, to communicate bilingually with parents.
4. Determine eligible students through annual testing.
5. Provide in-service training to staff.

Bilingual instruction is limited in most cases to three years for each eligible student.

4. **REMEDICATION**—The state provides for small remedial tutoring sessions (5 students or fewer) through its Remediation Assistance Program (RAP) to help students in grades two through six who are behind grade level in reading, math, and language arts. At least 50 percent of the funds spent on the program shall be spent at schools with high concentrations of low-income families.

To determine the number of eligible students in each district, the percentage of children who score in the lowest 25 percent of the statewide basic skills test (given in the 4th grade) is multiplied by the total number of children in grades 2 through 6.

The number of eligible students multiplied by \$337 (1985 dollar amount) determines the total funding each district is to receive. Eligible students may be placed in an approved remediation program based on local tests.

Remediation programs have also been funded for grades seven through nine although those grades are not covered in the RAP law.

5. **OTHER PROGRAMS**—There is no obligation for the state to fund other programs not covered under the Basic Education Act. The state may (or may not) pay for extra costs of urban districts, enrollment fluctuations, vocational-technical institutes, compensatory programs, gifted programs, or other special programs.

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EXHIBIT H

EXCERPTS FROM U.S. DEPARTMENT OF EDUCATION RANKING OF STATES IN EDUCATION-WESTERN STATES

(Ranking shown in parentheses)

	Education expenditure per pupil (1984)	Expenditure as pct of Income per capita (1984)	Test scores ACT (28 states) SAT (22 states) (1985)	Average teacher salary (1985)	Per Capita income (1984)
Alaska	\$8627 (1)	37.3 (1)	(20)ACT 17.6	39,751 (1)	17,487(1)
Wyoming	\$4523 (4)	37.0 (2)	(7)ACT 19.4	26,398 (7)	12,224(28)
Oregon	\$3677 (10)	31.7 (5)	(2)SAT 928	24,378 (18)	11,611(34)
Montana	\$3604 (13)	34.2 (4)	(6)ACT 19.5	21,705 (27)	10,546(41)
Washington	\$3465 (16)	27.1 (16)	-	25,610 (10)	12,792(19)
Colorado	\$3373 (18)	24.4 (27)	(4)ACT 19.7	24,454 (16)	13,847(9)
Hawaii	\$3334 (19)	25.6 (20)	(20)SAT 837	24,628 (13)	13,042(17)
California	\$2963 (28)	20.5 (48)	(9)SAT 904	27,410 (5)	14,487(6)
New Mexico	\$2928 (30)	28.5 (12)	(23)ACT 17.5	22,064 (26)	10,262(44)
Arizona	\$2751 (35)	23.2 (35)	(16)ACT 18.7	23,380 (20)	11,841(31)
Nevada	\$2690 (39)	20.2 (50)	(17)ACT 18.5	22,520 (25)	15,320(12)
Idaho	\$2181 (47)	21.6 (43)	(14)ACT 18.8	20,033 (40)	10,092(46)
Utah	\$2053 (51)	21.1 (46)	(11)ACT 18.9	21,170 (29)	9,733(49)

Rankings are in parentheses. Fourteen is average for the ACT test given in 28 states. Eleven is average for the SAT test given in 22 states. Oregon and Colorado are noticeably higher. Alaska, Hawaii, New Mexico, and Nevada are noticeably low. Washington gives neither test, but should be similar to Oregon.

WITNESS ROSTER WORK SHEET

5845 - State Support of Ed. 1/28/87
Bill # Title Date of Hearing

1. Name: Gary Shurlow
Address: PO Box 3437 Palmer 99645 Phone #: 376-4552
Representing: Sen Kerttula Title: _____
2. Name: Frank McElrath
Address: _____ Phone #: _____
Representing: Kenan Pen Broach Title: _____
3. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
4. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
5. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
6. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
7. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
8. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
9. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
10. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
11. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____
12. Name: _____
Address: _____ Phone #: _____
Representing: _____ Title: _____

NEWS RELEASE

SUBJECT: EFFECT OF GOVERNOR COWPER'S BUDGET ON THE KENAI
PENINSULA BOROUGH

Borough taxpayers should expect a tax increase if the recently announced budget proposal by Governor Cowper is passed. The Governor's budget will reduce Borough revenues primarily in the area of Revenue Sharing, Municipal Assistance, and Debt Service Reimbursement.

Debt service reimbursement on debt incurred for school construction is to be reduced to 70% of the entitlement. This means that the State will be reimbursing the Borough for 56% of expenditures made on the \$83.575 million in bonds which were approved by the voters in 1985. These bonds are eligible for up to an 80% reimbursement rate. This reduction in the funding for debt service reimbursement will cost the Borough taxpayers \$6,442,612, or about 2 mills in fiscal year 1988. Taxpayers will be paying over 3.5 mills for school debt service alone in FY88.

The State municipal assistance program, currently funded at \$65,858,500, has been reduced 19% from the 1986 level of \$81,306,800. This program is expected to contribute \$2,500,000 to the Borough general fund in fiscal year 1987. The Governor's proposed 1988 budget would further reduce this program by 20%, which would reduce Borough revenues by \$500,000...

The State revenue sharing program has also been cut about 20% from the 1986 level. The Borough general fund is expected to receive \$744,000 from this program. The total share for the Borough and service areas is expected to be \$2,473,000. The Governor's proposed 1988 budget would further reduce this program by 20% which would reduce general fund revenue by about \$149,000 and the Borough in total by \$495,000.

The total revenue loss to the Borough general fund would be about \$7,100,000 and the service areas would lose another \$495,000.