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HOUSE COMMITTEE REPORT

(11)

Date Referred: April 7, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/24/89

The FINANCE Committee considered:

HB 119

HOUSE BILL NO. 119

[CHANGE AREA COST DIFFERENTIAL]

"An Act relating to the area cost differential for school districts; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with CSHB 119 (HESS) [X] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [X] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] fiscal note(s) DOE 4/7/89
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

Ronald J. Larson Larson

SIGNING:

(Check appropr. column)

| | Do Not Pass | No Rec | Amend |
|---|-------------|--------|-------|
| <u>[Signature]</u> Hoffman | X | | |
| <u>[Signature]</u> Swackhammer | | X | |
| <u>[Signature]</u> Brown | | X | |
| <u>[Signature]</u> Koponen | | X | |
| <u>[Signature]</u> Ulmer | | X | |
| <u>[Signature]</u> Barnes | | X | |
| <u>[Signature]</u> Phillips | | X | |
| <u>[Signature]</u> Krieger | | | X |
| <u>[Signature]</u> Wallis | | | X |
| CO- <u>[Signature]</u> Chairman's Signature | | | |
| CO- <u>[Signature]</u> | | | |

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Area Cost Deffernetial For BRU: K-12 Support
School Districts
 Sponsor: House HESS Components: Foundation
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|--------|--------|--------|--------|--------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | (22.8) | (45.6) | (68.4) | (68.4) | (68.4) |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | (22.8) | (45.6) | (68.4) | (68.4) | (68.4) |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|--------|--------|--------|--------|--------|
| GENERAL FUND | | (22.8) | (45.6) | (68.4) | (68.4) | (68.4) |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

The impact of phasing in the McDowell Study cost differentials over three years for each school district in the state is outlined in the attached spreadsheet.

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 4/6/89
 Approved by Commissioner: William G. Demmert Date: 4/6/89
 Agency: Education

Distribution (by preparer):

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

Adopted

1 ALASKA PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM

2 FYSO LEGISLATIVE PROJECTION AS 14.17

3 NO 119

4 PREPARED 4/5/89

BASED ON

No. 1
CSHB 119 (HESS)
HOUSE 4/7/89

5

6 PROJECTED vs. approved COLUPN 3

7 SCHOOL FYSO FYSO LESS

8 DISTRICT STATE AID STATE AID COLUPN 2

9

| 10 | 11 | 12 | 13 |
|----------------------|---------------|---------------|-------------|
| 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 |
| 11 ADMK | \$2,185,403 | \$2,207,203 | \$21,600 |
| 12 ALASKA GATEWAY | \$4,643,800 | \$4,598,400 | (\$45,400) |
| 13 ALEUTIAN REGION | \$1,750,444 | \$1,760,444 | \$10,000 |
| 14 ANCHORAGE | \$142,653,962 | \$142,653,962 | 0 |
| 15 ANNETTE ISLAND | \$1,181,188 | \$1,221,568 | \$40,380 |
| 16 BERLING STRAIT | \$11,977,158 | \$12,035,758 | \$58,600 |
| 17 BRISTOL BAY | \$1,562,860 | \$1,579,060 | \$16,200 |
| 18 CHATHAM | \$2,230,673 | \$2,299,673 | \$69,000 |
| 19 CHURCH | \$1,154,300 | \$1,181,500 | \$27,200 |
| 20 COPPER RIVER | \$4,748,121 | \$4,731,321 | (\$16,800) |
| 21 CORDOVA | \$2,211,486 | \$2,284,486 | \$73,000 |
| 22 CRAIG | \$1,273,832 | \$1,296,632 | \$22,800 |
| 23 DELTA GREENY | \$4,302,137 | \$4,271,337 | (\$30,800) |
| 24 DILLINGER | \$2,503,779 | \$2,521,179 | \$17,400 |
| 25 FAIRBANKS | \$51,113,347 | \$50,902,347 | (\$211,000) |
| 26 GALENA | \$1,076,974 | \$1,088,174 | \$11,200 |
| 27 HALDIES | \$1,919,954 | \$1,904,954 | (\$15,000) |
| 28 HODGSON | \$1,344,806 | \$1,378,806 | \$34,000 |
| 29 HYDRABURG | \$944,004 | \$941,884 | (\$2,120) |
| 30 IDITAROD | \$4,336,966 | \$4,336,966 | 0 |
| 31 JUNEAU | \$17,971,471 | \$17,971,471 | 0 |
| 32 KANE | \$1,138,641 | \$1,149,841 | \$11,200 |
| 33 KACHINASSKORT | \$998,634 | \$998,634 | 0 |
| 34 KENAI | \$32,267,213 | \$32,267,213 | 0 |
| 35 KETCHIKAN | \$8,903,122 | \$8,903,122 | 0 |
| 36 KING CONE | \$989,808 | \$1,011,408 | \$21,600 |
| 37 KILBUCK | \$1,066,964 | \$1,088,964 | \$22,000 |
| 38 KODIAK | \$11,258,595 | \$11,213,195 | (\$45,400) |
| 39 KUSKOKUM | \$4,532,907 | \$4,532,907 | 0 |
| 40 LAKE & PECKOLLA | \$4,540,682 | \$4,540,682 | 0 |
| 41 LOWER KUSKOKUM | \$26,399,207 | \$26,264,207 | (\$135,000) |
| 42 LOWER YUKON | \$9,451,133 | \$9,518,133 | \$67,000 |
| 43 NAT-SO | \$32,838,888 | \$32,838,888 | 0 |
| 44 NEENAH | \$1,441,988 | \$1,525,988 | \$84,000 |
| 45 NEPE | \$4,378,988 | \$4,378,988 | 0 |
| 46 NORTH SLOPE | \$4,421,931 | \$4,421,931 | 0 |
| 47 NORTHWEST ARCTIC | \$12,911,796 | \$12,911,796 | 0 |
| 48 PELICAN | \$649,979 | \$649,979 | 0 |
| 49 PETERSBURG | \$2,786,182 | \$2,786,182 | 0 |
| 50 PROBLOP | \$1,447,998 | \$1,446,998 | (\$1,000) |
| 51 RAILHELY | \$3,868,416 | \$2,882,416 | (\$986,000) |
| 52 SARD POBY | \$1,254,338 | \$1,276,338 | \$22,000 |
| 53 SITKA | \$6,042,363 | \$6,042,363 | 0 |
| 54 SKAGWAY | \$863,019 | \$863,019 | 0 |
| 55 SOUTHEAST ISLAND | \$4,568,473 | \$4,427,473 | (\$141,000) |
| 56 SOUTHWEST HERRING | \$4,977,737 | \$5,016,737 | \$39,000 |
| 57 ST. PETER'S | \$1,348,444 | \$1,344,444 | (\$4,000) |
| 58 TANNAN | \$874,875 | \$882,875 | \$8,000 |
| 59 UNALASKA | \$1,177,648 | \$1,186,648 | \$9,000 |
| 60 VALDEZ | \$2,544,226 | \$2,487,226 | (\$57,000) |
| 61 WICKIAC | \$2,418,688 | \$2,418,688 | 0 |
| 62 YAKUTAT | \$1,028,333 | \$1,045,333 | \$17,000 |
| 63 YUKON FLATS | \$4,121,488 | \$4,022,488 | (\$99,000) |
| 64 YUKON-COYUDEK | \$5,019,436 | \$5,033,436 | \$14,000 |
| 65 YUPIIT | \$3,271,367 | \$3,261,367 | (\$10,000) |
| 66 | | | |
| 67 | | | |
| 68 | | | |
| 69 | | | |
| 70 TOTALS | \$669,643,738 | \$669,428,938 | (\$214,800) |
| 71 | | | |
| 72 | | | |

Original sponsor: Larson

1 IN THE HOUSE BY THE HEALTH, EDUCATION AND
2 CS FOR HOUSE BILL NO. 119 (HESS) SOCIAL SERVICES COMMITTEE
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the area cost differential for
7 school districts; and providing for an effective
8 date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. FINDINGS. The legislature finds that by making an adjust-
11 ment to the existing K-12 statutory area cost differential, as recommended
12 in a recent Legislative Budget and Audit Study, the funding formula will be
13 more equitable as to the true cost of education, for all districts of the
14 state.
15 * Sec. 2. AS 14.17.051 is amended to read:
16 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
17 tial for a school district is as follows:
18 School District Area Cost Differential
19 Adak 1.29 [1.27]
20 Alaska Gateway 1.14 [1.19]
21 Aleutian East 1.33
22 Aleutian Region 1.31
23 Anchorage 1.00
24 Annette Island 1.08 [1.03]
25 Bering Strait 1.40 [1.39]
26 Bristol Bay 1.33 [1.27]
27 Chatham 1.10 [1.03]
28 Chugach 1.20 [1.14]
29 Copper River 1.13 [1.14]

| | | |
|----|-------------------|--------------------|
| 1 | Cordova | <u>1.20</u> [1.11] |
| 2 | Craig | <u>1.08</u> [1.03] |
| 3 | Delta/Greely | <u>1.14</u> [1.16] |
| 4 | Dillingham | <u>1.29</u> [1.27] |
| 5 | Fairbanks | <u>1.03</u> [1.04] |
| 6 | Galena | <u>1.33</u> [1.30] |
| 7 | Haines | <u>1.04</u> [1.05] |
| 8 | Hoonah | <u>1.10</u> [1.08] |
| 9 | Hydaburg | <u>1.08</u> [1.03] |
| 10 | Iditarod | 1.33 |
| 11 | Juneau | 1.00 |
| 12 | Kake | <u>1.10</u> [1.03] |
| 13 | Kashunamiut | <u>1.37</u> [1.33] |
| 14 | Kenai | 1.00 |
| 15 | Ketchikan | 1.00 |
| 16 | [KING COVE | 1.27] |
| 17 | Klawock | <u>1.08</u> [1.03] |
| 18 | Kodiak | <u>1.08</u> [1.09] |
| 19 | Kuspuk | 1.33 |
| 20 | Lake & Peninsula | <u>1.33</u> [1.31] |
| 21 | Lower Kuskokwim | <u>1.40</u> [1.42] |
| 22 | Lower Yukon | <u>1.37</u> [1.35] |
| 23 | Matanuska-Susitna | 1.00 |
| 24 | Nenana | <u>1.14</u> [1.20] |
| 25 | Nome | <u>1.36</u> [1.34] |
| 26 | North Slope | <u>1.49</u> [1.45] |
| 27 | Northwest Arctic | <u>1.43</u> [1.45] |
| 28 | Pelican | <u>1.10</u> [1.08] |
| 29 | Petersburg | 1.00 |

| | | |
|----|------------------|--------------------|
| 1 | Pribilof | <u>1.40</u> [1.30] |
| 2 | Railbelt | <u>1.14</u> [1.23] |
| 3 | SAND POINT | 1.27] |
| 4 | Sitka | 1.00 |
| 5 | Skagway | 1.05 |
| 6 | Southeast Island | <u>1.08</u> [1.04] |
| 7 | Southwest Region | <u>1.33</u> [1.31] |
| 8 | St. Mary's | <u>1.37</u> [1.30] |
| 9 | Tanana | <u>1.33</u> [1.30] |
| 10 | Unalaska | <u>1.29</u> [1.27] |
| 11 | Valdez | <u>1.08</u> [1.11] |
| 12 | Wrangell | 1.00 |
| 13 | Yakutat | <u>1.20</u> [1.08] |
| 14 | Yukon Flats | <u>1.36</u> [1.46] |
| 15 | Yukon-Koyukuk | <u>1.33</u> [1.34] |
| 16 | Yupit | <u>1.40</u> [1.41] |

17 * Sec. 3. The Department of Education shall implement the changes made
18 to the area cost differential in sec. 2 of this Act, in equal amounts over
19 the next three fiscal years, beginning July 1, 1989.

20 * Sec. 4. This Act takes effect July 1, 1989.

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3326 - Palmer
(907) 376-8828 - Wasilla

Representative Ronald L. Larson District 16B

House Bill 119 An Act to Change Area Cost Differential by Representative Ronald Larson would change the portion of the public school foundation law that compensates a district for the cost associated with "doing business" in a particular geographic area. The area cost differential formula is a companion but separate from the formula that compensates for number of students, size of schools and number of communities within a school district.

The ACD Study was undertaken following the request by various individuals and groups alleging the ACD established in 1987, when the public school foundation formula was revised, was not accurate as it was taken from information that was collected by election district rather than school district and based only on personnel cost (didn't include operation cost). The Legislative Budget and Audit Committee contracted with the McDowell Group to prepare a study with recommendations that showed by school district:

1. personnel costs
2. operation costs
3. revenue and expenditure data per student

Presently the ACDs range from 1.0 to 1.46. HB119 calls for ACD from 1.0 to 1.49. Changes were modest resulting in 42 of the 53 districts changed by 5 points or less and only half of all districts (29) changed by less than 3 points. Eleven districts remained the same.

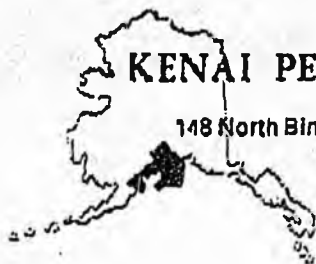
The concern that lead the Legislature to seek a study also lead to the appropriation of 3.5 million dollars for the express purpose of correcting any inequities found to exist as a result of this study.

Analysis by the Department of Education shows there will be no additional cost if the ACD were amended as called for in HB119. Although the purpose of the study was to insure appropriate compensation for the cost of business rather than to reduce public school expenditures, the findings do show it would require less funds if the proposed ACD were in effect. The information provided by the Department of Education shows the need for approximately \$200,000 less for the 1988-89 school year. The 3.5 million appropriated for correcting inequities will now be available for reappropriation and will most likely be reappropriated to fund a supplemental needed for the foundation program; thereby preventing the need to prorate the foundation program to all school districts in Alaska.

Swackhammer
A-

Anchorage Urban Influence Area: The Anchorage Urban Influence Area recommended differential is 1.00 for the three districts of Anchorage, Matanuska-Susitna and Kenai Peninsula. The Kenai Peninsula study result is actually 1.01, similar to some urban Southeast districts and is not considered statistically significant. Further, the Kenai district is compensated an extra 16% per student by the foundation formula for lower density and multisites.

Fig. 8
McDowell Study



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street • Soldotna, AK 99689 • Phone 907/262-6846

April 17, 1989

Rep. C. E. Swackhammer
House of Representatives
P. O. Box V
Juneau, AK 99811-3101

Dear Swack:

Pursuant to your request for administrative costs for schools in the Kenai Peninsula Borough located across the water or off of the road system as compared to schools on the road system, we submit the following information.

The schools we operate that are not connected to the road system have an enrollment of 352 students and a direct administrative cost of \$316,924 for next year, or an average per pupil cost of \$900. This compares to an enrollment of 8,125 students and \$4,058,381 at an average cost per pupil of \$499 for our schools located on the road system.

The above costs represent the direct administrative costs associated with each respective building and do not include the additional costs incurred by the central office administrative staff to provide services to schools located off of the road system. In order for central office personnel, i.e. superintendent, director of curriculum, director of special education and maintenance workers to provide services to schools off the road system, it is necessary to purchase air service, charter air service or barge service in addition to the additional travel time required by the staff.

The communities where we operate schools not located on the road system are:

- | | |
|-------------|-------------|
| Tyonek | English Bay |
| Seldovia | Razdolna |
| Port Graham | Voznesenka |
| Baluga | |

While our administrative costs are higher for these schools, we find that our educational and operation of plant costs are also higher on a per pupil basis.

I hope you find this information useful in your deliberations in Juneau.

Best Regards,

Fred Pomeroy
Superintendent

rd

1. Continue support for the existing foundation funding formula. Consider alterations to the unit value and the area cost differential.

Basically, we support the existing foundation funding formula. However, we would recommend that two areas of the formula be adjusted; unit value and the area cost differential for the KPBSD.

The basic unit value is currently \$60,000. We believe this figure should be adjusted to reflect any rise in the CPI. The unit value appears to be the most logical factor in the formula to adjust for inflation. For example, if the CPI increased one-half of one percent, the unit value would become \$60,300.

The area cost differential is the factor in the foundation formula that recognizes the higher costs of performing school business in Nome as compared to Anchorage or any of the 55 school districts.

Currently Fairbanks, Mat-Su, Anchorage, Juneau and the KPBSD all have an area cost differential factor of 1.00. The KPBSD maintains that our operational costs per student are higher than the other districts mentioned because of our geographic difference, in particular four schools across the water (English Bay, Port Graham, Seldovia and Tyonek).

For example, air fare alone is a significant cost item. Whenever it is necessary to transport students and staff to the road system for various meetings and activities we incur costs beyond the norm. Specifically, air fares are as follows:

| | |
|------------------------------|-------------------|
| English Bay/Homer Round Trip | - \$64.71 |
| Port Graham/Homer Round Trip | - \$64.71 |
| Seldovia/Homer Round Trip | - \$39.22 |
| Tyonek/Kenai Round Trip | -\$260.00/charter |

During the 1986-87 school year additional freight costs for flying food and school supplies to Tyonek, Port Graham, English Bay and Seldovia were as follows:

| | |
|-------------|--------------|
| Tyonek | - \$1,536.00 |
| Seldovia | - \$2,130.06 |
| English Bay | - \$2,098.42 |
| Port Graham | - \$1,426.36 |
| Total | \$7,190.84 |

Barge costs for fuel into Port Graham and English Bay involves four trips at \$2,850 per trip for a total of \$11,400.

Barge costs to Tyonek to transport large maintenance and supply items was \$8,500.

The KPBSD energy cost study as shown in Chart I relates that our fuel costs were the highest at English Bay and Port Graham with Seldovia in the fourth highest cost position.

Our rationale for a higher area cost differential factor is further documented by the following:

1. The Alaska Geographic Differential Study prepared for the State of Alaska by the McDowell Group shows the Kenai region with a 1.01 factor or 1% above the Anchorage area. See Chart II.
2. The Cooperative Extension Services, University of Alaska, in a "Cost of Food at Home Study", March, 1987, showed Kenai with a factor of 1.06 or 6% higher costs than Anchorage. A similar study in June, 1987, showed Homer at 1.23 or 23% higher than Anchorage, and Kenai at 1.09, or 9% higher than Anchorage. See Charts III and IV.

In conclusion, it is our understanding that \$200,000 was appropriated during the last legislative session to perform a definitive area cost differential study. To date, we are unaware of any study that would have further documented the need for adjustments in this area of the formula.



SOUTHEAST ISLAND SCHOOL DISTRICT

1621 TONGASS AVENUE SUITE 301
POST OFFICE BOX 8340
KETCHIKAN, ALASKA 99901
(907) 225-8658 OR 225-9659

Robert Weinstein
SUPERINTENDENT

April 4, 1989

Representative Johnnie Ellis
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Ellis:

Due to the limited time this morning for testimony regarding HB 119, I was unable to present the position of the Southeast Island School District with respect to this legislation. I am therefore submitting our position in written form.

The School District generally supports the revised differentials as some appropriate corrections are made, and certain inequities in the current formula are reduced.

When the original differentials were proposed, I did a considerable amount of research and expressed a great deal of concern regarding the appropriateness of using household cost data to reflect the relative costs of operating school districts.

Two of the major subindices used inappropriately were for housing and transportation, which alone accounted for between 40 and 50% of the household costs in each area of the state. The current study appears to correct this and similar problems with the earlier data, and more accurately reflects the cost of school district operations. It certainly shows what people in this area have been saying: the area differentials for Southeast Alaska school districts were, on a relative basis, inappropriately low.

Another reason to adopt the proposed changes in some form has to do with federal PL 874 requirements. It is my understanding that, when federal officials reviewed the new foundation plan to determine whether it met certain tests with respect to PL 874, so that a deduction from state aid could be made, the plan was approved in part because a showing could be made that the best available data at the time was used to establish the differentials. Now that the source of the original data is stating that better data is now available, it seems that some type of action is appropriate in order to avoid jeopardizing the current deductibility of the PL 874 funds from state foundation aid.

A few other suggestions which come to mind are as follows:

- (A) Additional consideration might be given to more regionalization of data. For example, in southern Southeast the data indicated that this school district had a cost of doing business of 11% above the base. However, the proposed differential puts us only 8% above the base. This was so our district would not stand out in southern Southeast among the rural districts with respect to area differentials. Given the relative locations of the school districts in this part of the state, that approach does make some sense. If this were to be applied to some other places throughout the state, such as northern Southeast Alaska, perhaps that would reduce some of the problems perceived in the proposed legislation in that there are differences between neighboring towns and districts.
- (B) Consideration should be given to a hold harmless provision so that no district loses funds due to a decrease in area differentials. If such a provision were implemented, the area differential perhaps would only decrease as the foundation unit increased in future years.
- (C) A provision should be made for the periodic updating of data every three to five years. This would assure that in future years we are not operating on completely antiquated data.

Sincerely,



Robert Weinstein
Superintendent

MEMORANDUM

State of Alaska
Department of Education

TO: William Demmert
Commissioner
Department of Education

DATE: December 28, 1988

FILE NO: FAC 1602

FROM: Tom Ryan 
Acting Director

SUBJECT: Foundation
Issues

Pursuant to your request we have analyzed the impact of adjustments to the foundation funding formula which would reduce the total state cost for this program. If the foundation program is underfunded without changes to the statute, then a proration of basic need as required by AS 14.17.225(b) would allow districts to exceed disparity limits. Therefore, if there are insufficient funds available to fully fund the program, rather than simply prorate entitlements based upon a unit value which has not been fully funded, the legislature should reduce the unit value in AS 14.17.056.

This change and others we have considered and rejected are discussed in more detail below. We are not promoting any of these options, and we have requested full funding of foundation program entitlements in our budget request.

Since FY 90 foundation information was not yet complete at the time of this analysis, and since the principles in operation are the same, our discussion below uses FY 89 data.

1. UNIT VALUE ADJUSTMENT

A change of the unit value from \$60,000/unit to \$59,500/unit (value set in AS 14.17.056) would have reduced the FY 89 full foundation entitlement by \$5,087,010. Each subsequent reduction of \$500 in the instructional unit value reduces the FY 89 entitlement by an identical amount, i.e. a \$1,000 change in unit value changes the foundation entitlement by \$10,174,020. Preliminary FY 90 data indicates that a foundation unit value of \$56,500 would produce a foundation entitlement of \$439,245,198 versus almost \$475 million with a \$60,000 unit.

Discussion: Unit value adjustments would not create any problem with disparity test calculations. The school district impact appears to be balanced. If the foundation program is underfunded and the unit value were left unchanged at \$60,000, then a proration of basic need as required by AS 14.17.225 (b) would allow districts to exceed disparity limits and jeopardize federal funding. Therefore, if there are insufficient funds available to fully fund the program, rather than simply prorate entitlements based upon a unit value which has not been fully funded, it is essential to reduce the unit value. This action simultaneously reduces entitlements and allowed local contribution, and so protects disparity limits.

2. INCREASE MINIMUM REQUIRED LOCAL CONTRIBUTION (MILL RATE)

If the required mill rate alone is changed (AS 14.17.025(1)) and the ceiling (AS 14.17.025(2)) remains at 35% of basic need, then the reduction in state aid would be as follows:

| <u>Mills</u> | <u>foundation</u> | <u>increment</u> | <u>total saved</u> | <u>Note:</u> |
|--------------|-------------------|------------------|--------------------|---|
| 4 | \$448,430,555 | | 0 | N.Slope/Valdez at 35% |
| 4.5 | 435,179,047 | \$13,251,508 | \$13,251,508 | Kenai reaches 35% |
| 5 | 426,294,829 | 8,884,218 | \$22,135,726 | Anchorage & Matsu -35% |
| 5.5 | 423,660,420 | 2,634,409 | \$24,770,135 | Fairbanks, Juneau Ketchikan, Unalaska -35% |
| 6 | 422,338,082 | 1,322,338 | \$26,092,473 | |

Discussion: This change would have no effect on the disparity test. However, it would have an unbalanced impact on school districts: most small municipal school districts would never reach the 35% ceiling, whereas the larger and more affluent municipal school districts would reach the ceiling on local share and therefore be able to appropriate less for schools. Therefore, although foundation entitlement decreases of up to \$26 million are possible with mill rate changes alone, the burden of such changes is unevenly distributed.

3. CHANGE LOCAL CONTRIBUTION PERCENTAGE CEILING

If the local contribution required by AS 14.17.025(2) is changed so that there is an increased maximum percentage (40%, 45%, or 50%, instead of 35%) then only the North Slope and Valdez would be affected. The increased ceiling on local share of basic need would increase the costs for the two districts and reduce the state's cost of the foundation program a like amount. A 4 mill tax in other municipal school districts does not generate enough to reach the existing 35% ceiling. The changes are linear, i.e. each 5% change in the ceiling changes the costs by the same amount since it is a percentage of the same figure: basic need.

each 5% increase costs North Slope \$593,790 (based upon FY 89 figures)
 each 5% increase costs Valdez 189,840
 each 5% increase reduces foundation 783,630

Discussion: An increase to a 50% ceiling by itself would reduce foundation entitlements by only \$2,350,890. Only the two districts will be affected until such time as the assessed valuation in other municipal school districts increases to a level at which the minimum required tax levy meets or exceeds the existing 35% of basic need ceiling.

Note: Except for North Slope and Valdez, every city borough school district currently contributes an equivalent of a 4 mill tax levy. If the North Slope and Valdez had the same requirement, that is if there were a higher ceiling or no ceiling, then the revenue generated would exceed the basic need of those districts by over \$40 million (\$38,443,979 for North Slope and \$2,456,739 for Valdez). This analysis suggests that some combination of increased mill rate and increased ceiling on local share would involve more school districts in increased local support and produce significantly more local contributions toward education, reducing the foundation payment entitlements significantly.

4. CHANGE LOCAL CONTRIBUTION CEILING AND MILL RATE

This change places a greater burden on a larger number of municipal school districts and as a result more dramatically reduces foundation entitlements:

| <u>Minimum mills</u> | <u>Maximum % ceiling</u> | <u>foundation reduced</u> |
|---------------------------|------------------------------------|---------------------------|
| A 4.5 mill minimum with a | 40% ceiling reduces state payments | \$16,115,669 |
| | 45% | 17,081,593 |
| | 50% | 18,047,516 |
| A 5.0 | 40% | 29,569,410 |
| | 45% | 32,197,016 |
| | 50% | 33,162,939 |
| A 5.5 | 40% | 40,865,063 |
| | 45% | 45,920,400 |
| | 50% | 48,264,381 |
| A 6.0 | 40% | 45,516,307 |
| | 45% | 59,054,732 |
| | 50% | 62,269,611 |

Discussion: This change affects only who pays what share of basic need and therefore does not affect disparity calculations. Disparity tests are affected only by expenditures beyond the basic need amount.

5. REAA INTEREST COUNTED AS LOCAL CONTRIBUTION

AS 14.17.025 (d) could be changed to require regional education attendance area school districts to contribute a local share in the amount of interest earnings. For FY 89 the amount of such earnings was projected to be \$2,211,984. This figure does not include interest earnings on capital project funds, but only interest on amounts in the general operating fund.

Discussion: Reducing state foundation payments to REAAs by interest earned on investments removes any incentive for investment and REAAs would likely cease the practice and eliminate the expense of managing these investments. Such a change would likely be counter-productive unless some incentive was retained for investment.

THE McDOWELL GROUP
MANAGEMENT AND ECONOMIC CONSULTANTS

a division of



DATA DECISIONS GROUP, INC.

February 13, 1989

Representative Ron Larson
House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Larson:

The purpose of this letter is to address two questions concerning the final district differentials from the recently completed *Alaska School District Profiles and Differential Study*.

1. The Haines District inquired about adjusting their insurance differential. On their questionnaire they reported no property insurance costs because the administration of their insurance payments involves the Haines Borough. However, unlike any other borough government, the sole function of the Haines Third Class Borough is school finance and school funds were used by the borough to pay insurance premiums of \$19,613 in FY 1988, the year used for the study. Therefore, in our professional opinion the Haines School District should be credited with the payment of property insurance and their insurance expenditure weight and price differential adjusted accordingly. This would raise their geographic differential from 1.03 in our final report to 1.04.
2. In the first printing of Volume I, for which only a limited number of copies were printed, a typographical error existed for the Valdez District in one table in Chapter I. A 1.06 differential is shown and this should be corrected to 1.08. The copies from the major printing contain the correct differential of 1.08. Since the committee was given the copies of the first printing, any proposed legislation should be checked to insure a 1.08 for Valdez. Your office and Valdez were advised of this correction by phone in December.

Please call if you have any questions.

Sincerely,

D. Eric McDowell
Principal

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson District 16B

House Bill 119 An Act to Change Area Cost Differential by Representative Ronald Larson would change the portion of the public school foundation law that compensates a district for the cost associated with "doing business" in a particular geographic area. The area cost differential formula is a companion but separate from the formula that compensates for number of students, size of schools and number of communities within a school district.

The ACD Study was undertaken following the request by various individuals and groups alleging the ACD established in 1987, when the public school foundation formula was revised, was not accurate as it was taken from information that was collected by election district rather than school district and based only on personnel cost (didn't include operation cost). The Legislative Budget and Audit Committee contracted with the McDowell Group to prepare a study with recommendations that showed by school district:

1. personnel costs
2. operation costs
3. revenue and expenditure data per student

Presently the ACDs range from 1.0 to 1.46. HB119 calls for ACD from 1.0 to 1.49. Changes were modest resulting in 42 of the 53 districts changed by 5 points or less and only half of all districts (29) changed by less than 3 points. Eleven districts remained the same.

The concern that lead the Legislature to seek a study also lead to the appropriation of 3.5 million dollars for the express purpose of correcting any inequities found to exist as a result of this study.

Analysis by the Department of Education shows there will be no additional cost if the ACD were amended as called for in HB119. Although the purpose of the study was to insure appropriate compensation for the cost of business rather than to reduce public school expenditures, the findings do show it would require less funds if the proposal ACD were in effect. The information provided by the Department of Education shows the need for approximately \$200,000 less for the 1989-90 school year. The 3.5 million appropriated for correcting inequities will now be available for reappropriation and will most likely be reappropriated to fund a supplemental needed for the foundation program; thereby preventing the need to prorate the foundation program to all school districts in Alaska.

ASSOCIATION OF ALASKA SCHOOL BOARDS

316 W. 11th St. • Juneau, Alaska 99801-1510 • (907) 586-1083

POSITION PAPER

HB 119

Cost Differentials for School Districts

The Association of Alaska School Boards is concerned with the impact that the redistribution of the new area differentials will have on a number of small districts.

The impact of a decreased differential on a small district can be quite significant. Department of Education projections indicate. Four districts will receive cuts in excess of 5% of their state aid according to the McDowell scenario.

School districts are currently dealing with the suggestions from the Legislature to reduce their budgets due to revenue shortfalls from the State. This cost differential reduction to some districts, *on top* of possible reduced revenues from the State, may not provide some small districts with the latitude to adequately adjust to the redistribution of this new area cost differential.

AASB encourages the Legislature to insure that every consideration is made to protect the educational and operational integrity of each district in the State of Alaska.

SITKA SCHOOL DISTRICT



TO : House HESS Committee Members

FROM : Joe Beckford, Ass't. Sup't. *Joe B.*
Sitka School District

DATE : April 4, 1989

RE : House Bills 119 & 185

House Bill 119

My questioning of Mr. McDowell was meant to bring out that the area differentials are invalid as applied. In a market basket approach to determining a cost of living index, a wide range of expenses impacting a total budget are compiled. In the school district cost survey, a relatively few expenses are extrapolated out as if they impacted the whole school district's budget. While the cost of utilities, transportation, and freight comprise a relatively small portion of school district budgets, the area differentials they represent are applied to 100% of a district's entitlement. The area differentials should be adjusted according to how much of a school district's budget goes into expense categories truly impacted by differential costs. This is not being done. This and the dispersion calculations have a compounding effect which has significantly led to the creation of "have's" and "have not's" in state foundation funding. It has also led to a small number of communities which want a good basic educational program having to pay an extremely high amount of local funding in order to do so.

House Bill 185

Sitka School district could add to the scenarios that other single site school districts have provided in their testimony to show the wholesale cutbacks in people and programs which have occurred over the last several years; cutbacks which were the direct result of inadequate funding through an inequitable funding formula.

A good example of the problem can be shown by looking at next year's (FY'90) Basic Need calculations for Sitka Schools. Basic Need is what it should cost Sitka to carry out its educational program with the number of students and groupings of students (foundation units) for which it is eligible.

The inadequacy of Basic Need, as a realistic cost

determinant, can be shown by the following:

| | | |
|---|---|-------------------|
| - Basic Need (132.66 units x \$60,000.) | = | \$ 7,959,600. |
| - Sitka's salary and benefit costs | = | <u>7,855,122.</u> |
| | | \$ 104,122. |

After payroll expenses, Basic Need leaves the district with \$104,122. to pay the utilities (electricity, fuel oil, water, sewer, and garbage), insurance, mandated costs (i.e. audit, curriculum review, etc.), contracted services, and other expenses. Basic need, at full funding is not covering the bills let alone talk of prorating the basic need by 95%.

It is my understanding that the Department has put together an alternate proposal which would exclude Sitka and some of the other higher category districts from the relief sought under HB 185. They claim that the larger districts proposed for this relief have efficiency of size. If you look at the computation of Basic Need, efficiency of size has not been taken into consideration anyplace else in funding formulations. If you take Anchorage's Basic Need and divide it by their enrollment (38,685.23), you get \$ \$4,830.17 per pupil; Sitka's Basic Need (at 1657.90 enrollment) is \$4,943.24; a \$ 113.07 difference. However, Northwest Arctic School District, which is comparable to Sitka in size has a Basic Need per pupil of \$10,004.46.; a \$6,188.68 difference. Where has efficiency of size been taken into consideration in the foundation formulations ? The answer is nowhere, and that is a part of the problem that the small school district's face.

The Department's input on this issue is vacuous; it has no data or valid rationale to support its position because the facts are very clear; small single site school districts, of which Sitka is and should be a part, have taken a disproportionate higher reduction in state funding than other categories of school districts.

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE

ALASKA SCHOOL DISTRICT PROFILES AND DIFFERENTIAL STUDY

SUMMARY OF RESULTS AND RECOMMENDATIONS

CHAPTER I OF VOLUME I

PREPARED FOR:

LEGISLATIVE BUDGET AND AUDIT COMMITTEE
ALASKA STATE LEGISLATURE

PREPARED BY:

THE MCDOWELL GROUP
A DIVISION OF
DATA DECISIONS GROUP, INC.

IN ASSOCIATION WITH
DR. NAT COLE

DECEMBER 1988



FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Area Cost Differential For
School Districts
Sponsor: Larson
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | (68,400) | (68,400) | (68,400) | (68,400) | (68,400) |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | (68,400) | (68,400) | (68,400) | (68,400) | (68,400) |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|----------|----------|----------|----------|----------|
| GENERAL FUND | | (68,400) | (68,400) | (68,400) | (68,400) | (68,400) |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

HB 119 would adjust foundation program "area cost differentials" as recommended by the McDowell Study. The bill would reduce State general fund costs by \$68,400 in FY90. District by district impacts are shown on the attached pages.

Prepared by: Tom Rvan
Division: Education Finance and Support Services

Phone: 465-2865
Date: 2/27/89

Approved by Commissioner: William G. Demmert
Agency: Education

Date: 2/27/89

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

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11019

ALASKA PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM
 AND LEGISLATIVE PROJECTION AS 14.17

| PREPARED 1/11/89 | BASED ON | | PERCENTAGE | |
|-------------------------|---------------|---------------|-------------|-------------|
| | | McDowell | | |
| | PROJECTED | STUDY | COLUMN 3 | OF CHANGE |
| SCHOOL | FY90 | FY90 | MINUS | COLUMN 3 TO |
| DISTRICT | STATE AID | STATE AID | COLUMN 2 | COLUMN 2 |
| 10 | | | | |
| 11 ADAK | \$2,185,503 | \$2,250,403 | \$64,800 | 2.96% |
| 12 ALASKA GATEWAY | \$4,663,300 | \$4,467,600 | (\$196,200) | -4.21% |
| 13 ALEUTIAN REGION | \$1,750,444 | \$1,781,044 | \$30,600 | 1.75% |
| 14 ANCHORAGE | \$142,653,962 | \$142,653,962 | \$0 | 0.00% |
| 15 ANNETTE ISLAND | \$1,151,138 | \$1,302,388 | \$121,200 | 10.26% |
| 16 BERING STRAIT | \$11,997,158 | \$12,112,958 | \$115,600 | 0.97% |
| 17 BRISTOL BAY | \$1,542,340 | \$1,651,440 | \$108,600 | 7.04% |
| 18 CHATHAM | \$2,230,873 | \$2,437,873 | \$207,000 | 9.28% |
| 19 CHUGACH | \$1,156,300 | \$1,231,900 | \$75,600 | 6.54% |
| 20 COPPER RIVER | \$4,748,121 | \$4,703,721 | (\$44,400) | -0.94% |
| 21 CORDOVA | \$2,211,436 | \$2,430,486 | \$219,000 | 9.90% |
| 22 CRAIG | \$1,273,032 | \$1,343,332 | \$70,300 | 5.56% |
| 23 DELTA GREELY | \$4,302,137 | \$4,209,737 | (\$92,400) | -2.15% |
| 24 DILLINGHAM | \$2,503,779 | \$2,555,979 | \$52,200 | 2.08% |
| 25 FAIRBANKS | \$51,113,347 | \$50,430,347 | (\$633,000) | -1.24% |
| 26 GALENA | \$1,076,974 | \$1,110,574 | \$33,600 | 3.12% |
| 27 HAINES | \$1,919,954 | \$1,874,954 | (\$45,000) | -2.34% |
| 28 HOONAH | \$1,363,806 | \$1,398,806 | \$30,000 | 2.19% |
| 29 HYDABURG | \$946,004 | \$993,404 | \$47,400 | 5.01% |
| 30 IDITAROD | \$4,336,946 | \$4,336,946 | \$0 | 0.00% |
| 31 JUNEAU | \$17,971,471 | \$17,971,471 | \$0 | 0.00% |
| 32 KAKE | \$1,138,441 | \$1,232,641 | \$94,200 | 8.27% |
| 33 KASHUNAMIUT | \$980,234 | \$1,034,234 | \$53,400 | 5.44% |
| 34 KENAI | \$32,247,213 | \$32,247,213 | \$0 | 0.00% |
| 35 KETCHIKAN | \$8,903,122 | \$8,903,122 | \$0 | 0.00% |
| 36 KING COVE | \$989,828 | \$1,054,628 | \$64,800 | 6.55% |
| 37 KULAHOCK | \$1,065,944 | \$1,134,944 | \$69,000 | 6.47% |
| 38 KODIAK | \$11,255,595 | \$11,128,395 | (\$127,200) | -1.13% |
| 39 KUSKOK | \$4,532,907 | \$4,532,907 | \$0 | 0.00% |
| 40 LAKE & PENINSULA | \$4,540,682 | \$4,624,082 | \$83,400 | 1.84% |
| 41 LOWER KUSKOKWIM | \$26,399,207 | \$25,946,207 | (\$453,000) | -1.72% |
| 42 LOWER YUKON | \$9,451,133 | \$9,652,133 | \$201,000 | 2.13% |
| 43 MAT-SU | \$31,838,033 | \$31,838,033 | \$0 | 0.00% |
| 44 NENANA | \$1,613,938 | \$1,529,938 | (\$84,000) | -5.20% |
| 45 NOME | \$4,797,902 | \$4,878,902 | \$81,000 | 1.69% |
| 46 NORTH SLOPE | \$6,512,331 | \$6,841,131 | \$328,800 | 5.05% |
| 47 NORTHWEST ARCTIC | \$12,987,756 | \$12,759,756 | (\$228,000) | -1.76% |
| 48 FELICAN | \$516,579 | \$526,779 | \$10,200 | 1.97% |
| 49 PETERSBURG | \$2,766,182 | \$2,766,182 | \$0 | 0.00% |
| 50 PRIBILOF | \$1,447,535 | \$1,593,935 | \$146,400 | 10.11% |
| 51 RAILELIT | \$3,018,416 | \$2,521,016 | (\$497,400) | -16.48% |
| 52 SAND POINT | \$1,254,838 | \$1,320,838 | \$66,000 | 5.26% |
| 53 SITKA | \$6,052,363 | \$6,062,363 | \$0 | 0.00% |
| 54 SKAGWAY | \$863,019 | \$863,019 | \$0 | 0.00% |
| 55 SOUTHEAST ISLAND | \$4,558,473 | \$4,766,073 | \$207,600 | 4.55% |
| 56 SOUTHWEST REGION | \$4,977,737 | \$5,076,737 | \$99,000 | 1.99% |
| 57 ST. MARY'S | \$1,340,661 | \$1,413,661 | \$73,000 | 5.46% |
| 58 TANANA | \$874,075 | \$899,875 | \$25,800 | 2.95% |
| 59 UNALASKA | \$1,177,460 | \$1,203,260 | \$25,800 | 2.19% |
| 60 VALDEZ | \$2,546,224 | \$2,371,024 | (\$175,200) | -6.88% |
| 61 WRANGELL | \$2,418,601 | \$2,418,601 | \$0 | 0.00% |
| 62 YAKUTAT | \$1,020,333 | \$1,155,933 | \$135,600 | 13.29% |
| 63 YUKON FLATS | \$4,121,488 | \$3,765,088 | (\$356,400) | -8.65% |
| 64 YUKON-KOYUKUK | \$5,019,436 | \$4,971,436 | (\$48,000) | -0.96% |
| 65 YUPIIT | \$3,271,367 | \$3,241,367 | (\$30,000) | -0.92% |
| 66 | | | | |
| 67 | | | | |
| 68 | | | | |
| 69 | | | | |
| 70 TOTALS | \$469,643,738 | \$469,575,338 | (\$68,400) | -0.01% |
| 71 | | | | |
| 72 | | | | |
| 73 STATE CORR STUDY --> | \$3,728,010 | \$3,728,010 | \$0 | |
| 74 VALDEZ CONTRACT --> | \$600,000 | \$600,000 | \$0 | |
| 75 MT. EDGECLUMBE ----> | \$1,426,397 | \$1,426,397 | \$0 | |
| 76 | | | | |
| 77 TOTAL STATE AID --> | \$475,398,145 | \$475,329,745 | (\$68,400) | |

ALASKA PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM
 FY90 LEGISLATIVE PROJECTION AS 14.17

PREPARED 1/11/89

| SCHOOL DISTRICT | FY90 PROJECTED UNITS | AREA COST DIFF. | FY90 ADJUSTED UNITS | FY90 PROJECTED BASIC NEED \$60,000 | REQUIRED LOCAL EFFORT | DEDUCTIBLE PL874 | PROJECTED FY90 STATE AID |
|------------------|----------------------|-----------------|---------------------|------------------------------------|-----------------------|------------------|--------------------------|
| ADAK | 54.02 | 1.27 | 68.61 | \$4,116,600 | \$0 | \$1,930,997 | \$2,185,603 |
| ALASKA GATEWAY | 55.32 | 1.19 | 77.73 | \$4,663,800 | \$0 | \$0 | \$4,663,800 |
| ALEUTIAN REGION | 25.89 | 1.31 | 33.92 | \$2,035,200 | \$0 | \$284,756 | \$1,750,444 |
| ANCHORAGE | 3,103.37 | 1.00 | 3,103.37 | \$186,202,200 | \$43,334,202 | \$214,036 | \$142,653,962 |
| ANNETTE ISLAND | 40.38 | 1.03 | 41.59 | \$2,495,400 | \$0 | \$1,314,212 | \$1,181,188 |
| BERING STRAIT | 192.85 | 1.39 | 268.06 | \$16,083,600 | \$0 | \$4,086,442 | \$11,997,158 |
| BRISTOL BAY | 30.25 | 1.27 | 38.42 | \$2,305,200 | \$472,721 | \$289,639 | \$1,542,840 |
| CHATHAM | 49.16 | 1.03 | 50.63 | \$3,037,300 | \$0 | \$406,927 | \$2,230,873 |
| CHUGACH | 20.38 | 1.14 | 23.80 | \$1,428,000 | \$0 | \$271,700 | \$1,156,300 |
| COPPER RIVER | 74.74 | 1.14 | 85.20 | \$5,112,000 | \$0 | \$363,879 | \$4,748,121 |
| CORCOVA | 40.56 | 1.11 | 45.02 | \$2,701,200 | \$464,414 | \$25,300 | \$2,211,486 |
| CRAIG | 23.45 | 1.03 | 24.15 | \$1,449,000 | \$155,135 | \$20,333 | \$1,273,032 |
| DELTA GREELY | 76.92 | 1.16 | 89.23 | \$5,353,300 | \$0 | \$1,051,663 | \$4,302,137 |
| DILLINGHAM | 43.47 | 1.27 | 55.21 | \$3,312,600 | \$486,205 | \$327,616 | \$2,503,779 |
| FAIRBANKS | 1,055.20 | 1.06 | 1,097.41 | \$65,844,600 | \$14,683,509 | \$47,744 | \$51,113,347 |
| GALENA | 18.69 | 1.30 | 24.30 | \$1,453,000 | \$78,340 | \$302,686 | \$1,076,974 |
| HAINES | 37.86 | 1.05 | 39.75 | \$2,353,300 | \$450,452 | \$14,594 | \$1,919,954 |
| HOOAH | 25.19 | 1.08 | 27.21 | \$1,632,600 | \$90,288 | \$172,906 | \$1,368,806 |
| HYDABURG | 15.92 | 1.03 | 16.40 | \$984,000 | \$37,996 | \$0 | \$946,004 |
| IDITAROD | 63.90 | 1.33 | 84.99 | \$5,099,400 | \$0 | \$752,454 | \$4,336,946 |
| JUNEAU | 369.96 | 1.00 | 369.96 | \$23,397,600 | \$5,413,248 | \$12,381 | \$17,971,471 |
| KAKE | 22.35 | 1.03 | 23.02 | \$1,381,200 | \$70,921 | \$171,838 | \$1,138,441 |
| KASHUNAMIUT | 22.33 | 1.33 | 29.70 | \$1,782,000 | \$0 | \$401,166 | \$1,080,834 |
| KENAI | 774.01 | 1.00 | 774.01 | \$46,440,600 | \$14,086,937 | \$106,450 | \$32,247,113 |
| KETCHIKAN | 204.10 | 1.00 | 204.10 | \$12,246,000 | \$3,331,958 | \$10,920 | \$8,903,122 |
| KING COVE | 17.87 | 1.27 | 22.69 | \$1,361,400 | \$106,145 | \$265,427 | \$989,828 |
| KLACOCK | 22.82 | 1.03 | 23.50 | \$1,410,000 | \$38,712 | \$305,344 | \$1,065,944 |
| KODIAK | 212.38 | 1.09 | 231.49 | \$13,839,400 | \$2,378,504 | \$255,301 | \$11,255,595 |
| KULPLUK | 65.33 | 1.33 | 86.89 | \$5,213,400 | \$0 | \$680,493 | \$4,532,907 |
| LAKE & PENINSULA | 69.89 | 1.31 | 91.56 | \$5,493,600 | \$0 | \$952,918 | \$4,540,682 |
| LOWER KUSKOKWIM | 377.58 | 1.42 | 536.16 | \$32,169,600 | \$0 | \$5,770,393 | \$26,399,207 |
| LOWER YUKON | 167.61 | 1.35 | 226.00 | \$13,560,000 | \$0 | \$4,109,867 | \$9,451,133 |
| MAT-SU | 683.60 | 1.00 | 683.60 | \$41,016,000 | \$9,159,961 | \$18,006 | \$31,838,033 |
| MEWANA | 23.33 | 1.20 | 28.00 | \$1,680,000 | \$66,062 | \$0 | \$1,613,938 |
| MOPE | 67.30 | 1.34 | 90.18 | \$5,410,000 | \$560,332 | \$52,566 | \$4,797,902 |
| NORTH SLOPE | 137.09 | 1.45 | 198.78 | \$11,926,800 | \$4,150,440 | \$1,264,029 | \$6,512,331 |
| NORTHWEST ARCTIC | 139.93 | 1.45 | 201.40 | \$16,524,000 | \$632,184 | \$2,904,060 | \$12,987,756 |
| PELICAN | 8.63 | 1.08 | 9.32 | \$559,200 | \$42,621 | \$0 | \$516,579 |
| PETERSBURG | 57.88 | 1.00 | 57.88 | \$3,472,800 | \$692,336 | \$14,282 | \$2,766,182 |
| PEVILLOF | 24.46 | 1.30 | 31.80 | \$1,908,000 | \$0 | \$460,405 | \$1,447,595 |
| RANBELT | 41.45 | 1.23 | 50.98 | \$3,053,300 | \$0 | \$40,384 | \$3,018,416 |
| SAND POINT | 18.33 | 1.27 | 23.28 | \$1,396,800 | \$141,962 | \$0 | \$1,254,838 |
| SITKA | 132.65 | 1.00 | 132.65 | \$7,959,000 | \$1,896,637 | \$0 | \$6,062,363 |
| SKIDWAY | 17.23 | 1.05 | 18.09 | \$1,025,400 | \$221,834 | \$547 | \$863,919 |
| SOUTHEAST ISLAND | 86.65 | 1.04 | 90.12 | \$5,407,200 | \$0 | \$843,727 | \$4,558,473 |
| SOUTHWEST REGION | 82.73 | 1.31 | 108.38 | \$6,502,800 | \$0 | \$1,525,063 | \$4,977,737 |
| ST. MARY'S | 17.40 | 1.30 | 22.62 | \$1,357,200 | \$16,739 | \$0 | \$1,340,461 |
| TANANA | 14.33 | 1.30 | 18.63 | \$1,117,200 | \$46,048 | \$197,677 | \$874,075 |
| UNALASKA | 21.47 | 1.27 | 27.27 | \$1,636,200 | \$336,275 | \$72,465 | \$1,177,460 |
| VALDEZ | 53.38 | 1.11 | 64.80 | \$3,888,000 | \$1,331,610 | \$10,166 | \$2,546,224 |
| WASSELL | 47.31 | 1.00 | 47.31 | \$2,838,600 | \$417,379 | \$2,620 | \$2,418,601 |
| YAKUTAT | 13.36 | 1.08 | 14.42 | \$822,200 | \$76,168 | \$125,699 | \$620,333 |
| YUKON FLATS | 59.41 | 1.46 | 86.74 | \$5,204,400 | \$0 | \$1,082,912 | \$4,121,488 |
| YUKON-KOYUKUK | 79.61 | 1.34 | 106.68 | \$6,400,800 | \$0 | \$1,381,364 | \$5,019,436 |
| YUPIIT | 50.12 | 1.41 | 70.67 | \$4,240,200 | \$0 | \$968,833 | \$3,271,367 |

TOTALS 9,342.20 10,197.63 \$611,857,800 \$105,518,875 \$36,695,187 \$469,643,738

STATE CORR STUDY -----))) \$3,728,010
 VALDEZ CONTRACT -----))) \$600,000
 MT. EDGECLUMBE -----))) \$1,426,397
 TOTAL STATE AID -----))) \$475,398,145

ALASKA PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM
 FY90 LEGISLATIVE PROJECTION AS 14.17

PREPARED 1/11/89

McDowell

| SCHOOL DISTRICT | STUDY | | FY90 PROJECTED BASIC NEED \$60,000 | REQUIRED LOCAL EFFORT | DEDUCTIBLE PL874 | PROJECTED FY90 STATE AID | |
|------------------|----------------------|-----------------|------------------------------------|-----------------------|------------------|--------------------------|---------------|
| | FY90 PROJECTED UNITS | AREA COST DIFF. | | | | | |
| ADAK | 54.02 | 1.29 | 69.69 | \$4,181,400 | \$0 | \$1,930,997 | \$2,250,403 |
| ALASKA GATEWAY | 65.32 | 1.14 | 74.46 | \$4,467,600 | \$0 | \$0 | \$4,467,600 |
| ALEUTIAN REGION | 25.89 | 1.33 | 34.43 | \$2,065,800 | \$0 | \$284,756 | \$1,781,044 |
| ANCHORAGE | 3,103.37 | 1.00 | 3,103.37 | \$186,202,200 | \$43,334,202 | \$214,036 | \$142,653,962 |
| ANNETTE ISLAND | 40.38 | 1.08 | 43.51 | \$2,616,600 | \$0 | \$1,314,212 | \$1,302,388 |
| BERING STRAIT | 192.35 | 1.40 | 269.99 | \$16,199,400 | \$0 | \$4,086,442 | \$12,112,958 |
| BRISTOL BAY | 30.25 | 1.33 | 40.23 | \$2,413,800 | \$472,721 | \$289,639 | \$1,651,440 |
| CHATHAM | 49.16 | 1.10 | 54.08 | \$3,244,800 | \$0 | \$306,927 | \$2,437,873 |
| CRESWICK | 20.23 | 1.20 | 25.06 | \$1,503,600 | \$0 | \$271,700 | \$1,231,900 |
| COPPER RIVER | 74.74 | 1.13 | 84.46 | \$5,067,600 | \$0 | \$363,879 | \$4,703,721 |
| COPPOVA | 40.56 | 1.20 | 48.67 | \$2,920,200 | \$464,414 | \$25,300 | \$2,430,486 |
| CRAG | 23.45 | 1.08 | 25.33 | \$1,519,300 | \$155,135 | \$20,833 | \$1,343,832 |
| DELTA GREELY | 76.92 | 1.14 | 87.69 | \$5,261,400 | \$0 | \$1,051,663 | \$4,209,737 |
| DUNLINGHAM | 43.47 | 1.29 | 56.08 | \$3,364,800 | \$436,205 | \$322,616 | \$2,555,979 |
| FARFARANKS | 1,055.20 | 1.03 | 1,086.86 | \$65,211,600 | \$14,683,509 | \$47,744 | \$50,480,347 |
| GALENA | 18.69 | 1.33 | 24.86 | \$1,491,600 | \$78,340 | \$302,686 | \$1,110,574 |
| GRANDES | 37.86 | 1.03 | 39.00 | \$2,340,000 | \$450,452 | \$14,594 | \$1,874,954 |
| HOUMA | 25.19 | 1.10 | 27.71 | \$1,662,600 | \$90,888 | \$172,906 | \$1,398,806 |
| HOUMBURG | 15.92 | 1.08 | 17.19 | \$1,031,400 | \$37,996 | \$0 | \$993,404 |
| ISOTAROD | 63.90 | 1.33 | 84.99 | \$5,099,400 | \$0 | \$762,454 | \$4,336,946 |
| JUDEAU | 389.96 | 1.00 | 389.96 | \$23,397,600 | \$5,413,248 | \$12,381 | \$17,971,671 |
| KAYE | 22.35 | 1.10 | 24.59 | \$1,475,400 | \$70,921 | \$171,838 | \$1,232,641 |
| KAYANAHUT | 22.33 | 1.37 | 30.59 | \$1,835,400 | \$0 | \$301,166 | \$1,034,234 |
| KEENAI | 774.01 | 1.00 | 774.01 | \$46,440,600 | \$14,086,937 | \$106,450 | \$32,247,213 |
| KETCHIKAN | 204.10 | 1.00 | 204.10 | \$12,246,000 | \$3,331,958 | \$10,920 | \$8,903,122 |
| KINGS LOVE | 17.87 | 1.33 | 23.77 | \$1,426,200 | \$106,145 | \$265,427 | \$1,054,628 |
| KULANOCK | 22.82 | 1.08 | 24.65 | \$1,479,000 | \$38,712 | \$305,344 | \$1,134,944 |
| KUOTAK | 212.38 | 1.08 | 229.37 | \$13,762,200 | \$2,378,504 | \$255,301 | \$11,128,395 |
| KUSKOKUM | 65.33 | 1.33 | 86.89 | \$5,213,400 | \$0 | \$580,493 | \$4,532,907 |
| LAKE & PENINSULA | 69.89 | 1.33 | 92.95 | \$5,577,000 | \$0 | \$952,918 | \$4,624,082 |
| LOWER KUSKOKUM | 377.58 | 1.40 | 528.61 | \$31,716,600 | \$0 | \$5,770,393 | \$25,946,207 |
| LOWER YUKON | 167.41 | 1.37 | 229.35 | \$13,761,600 | \$0 | \$4,103,867 | \$9,652,133 |
| MAT-SU | 683.60 | 1.00 | 683.60 | \$41,016,000 | \$9,159,961 | \$18,036 | \$31,838,033 |
| MORANA | 23.33 | 1.14 | 26.60 | \$1,596,000 | \$66,062 | \$0 | \$1,529,938 |
| MOYE | 67.30 | 1.36 | 91.53 | \$5,491,800 | \$560,332 | \$52,566 | \$4,879,902 |
| NORTH SLOPE | 137.09 | 1.49 | 204.26 | \$12,255,600 | \$4,150,440 | \$1,264,029 | \$6,841,131 |
| NORTHWEST ARCTIC | 189.93 | 1.43 | 271.60 | \$16,296,000 | \$632,184 | \$2,904,060 | \$12,759,756 |
| PELICAN | 8.63 | 1.10 | 9.49 | \$569,400 | \$42,621 | \$0 | \$526,779 |
| PETERSBURG | 57.88 | 1.00 | 57.88 | \$3,472,800 | \$692,336 | \$14,282 | \$2,766,182 |
| PRINCELOF | 24.46 | 1.40 | 34.24 | \$2,054,400 | \$0 | \$460,405 | \$1,593,995 |
| RANBELT | 41.45 | 1.03 | 42.69 | \$2,561,400 | \$0 | \$40,384 | \$2,521,016 |
| SAND POINT | 15.33 | 1.33 | 20.38 | \$1,462,800 | \$141,962 | \$0 | \$1,320,838 |
| SITKA | 132.65 | 1.00 | 132.65 | \$7,959,000 | \$1,856,637 | \$0 | \$6,062,363 |
| SUNSHINE | 17.23 | 1.05 | 18.09 | \$1,085,400 | \$221,834 | \$547 | \$863,019 |
| SOUTHEAST ISLAND | 86.65 | 1.08 | 93.58 | \$5,614,800 | \$0 | \$348,727 | \$4,766,073 |
| SOUTHWEST REGION | 82.73 | 1.33 | 110.03 | \$4,601,800 | \$0 | \$1,525,065 | \$3,076,737 |
| ST. MARY'S | 17.40 | 1.37 | 23.84 | \$1,430,400 | \$16,739 | \$0 | \$1,413,661 |
| TAKANA | 14.33 | 1.33 | 19.06 | \$1,143,600 | \$46,048 | \$197,677 | \$899,875 |
| UNALASKA | 21.47 | 1.29 | 27.70 | \$1,662,000 | \$386,275 | \$72,465 | \$1,203,260 |
| VALDEZ | 53.38 | 1.06 | 61.88 | \$3,712,800 | \$1,331,610 | \$10,166 | \$2,371,024 |
| WAINWELL | 47.31 | 1.00 | 47.31 | \$2,838,600 | \$417,379 | \$2,620 | \$2,418,601 |
| YAKUTAT | 19.86 | 1.20 | 22.63 | \$1,357,800 | \$75,168 | \$125,699 | \$1,155,933 |
| YUKON FLATS | 59.41 | 1.36 | 80.80 | \$4,848,000 | \$0 | \$1,082,912 | \$3,765,088 |
| YUKON-KOYUKUK | 79.61 | 1.33 | 105.88 | \$6,352,800 | \$0 | \$1,381,364 | \$4,971,436 |
| YUP'IT | 50.12 | 1.40 | 70.17 | \$4,210,200 | \$0 | \$968,833 | \$3,241,367 |

TOTALS 9,342.20 10,196.49 \$611,789,400 \$105,518,875 \$36,695,187 \$469,575,338

STATE CORR STUDY -----))) \$3,728,010
 VALDEZ CONTRACT -----))) \$600,000
 MT. EDGECLUMBE -----))) \$1,426,397
 =====
 TOTAL STATE AID -----))) \$475,329,745