

**HJR**

**13**

**FILE 1**

# STATE OF ALASKA THE LEGISLATURE

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Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

### HJR 13

H-HESS	2/1/89
H-HESS	3/1/89
H-Jud	4/17/89
H-Jud	4/28/89
H-Fin	5/3/89
H-Fin	5/6/89



TELECOPY COVER SHEET

Ketchikan Legislative Information Office  
Office - (907) 225-9675 Fax - (907) 225-8546

TO: Senator Fischer

ATTN: \_\_\_\_\_ FAX: 413-5661 PHONE: \_\_\_\_\_

FROM: Ketchikan LIO PHONE: \_\_\_\_\_

INSTRUCTIONS: News article, Ketchikan Daily News,  
Education Endowment

SENT: Date 2/24/90 Time 7:30 pm

DISPOSAL OF ORIGINAL: Discard \_\_\_\_\_ Hold for Pickup \_\_\_\_\_

NUMBER OF PAGES: 3 (NOT counting cover sheet)

TRANSMITTED BY: [Signature]

# culture's fete



annual culture  
Fourth Generation  
them during a  
time onto the

floor when the "Fireweed Clan" was called. The two-day celebration officially entitled the "Gathering of Clans" ended Saturday. The Fourth Generation Dancers leader, Theo McIntyre, is pictured at the center of the photo.

Staff photo by Tim Parker

showed that the  
was important  
for many res-  
idents come from  
he said, and  
communities.  
access story"  
g cultural ties,

and more singing and dancing.

According to Gunyah, about 300 people enjoyed the Friday dinner featuring Southeast Alaskan red snapper.

Following dinner, Town Hall was once again filled by family and friends who were treated to the Fort Tongass Dancers of Ketchikan, Git Lax Likshataa Dancers and the Metlakatla Senior Citizens Choir.

Well-known Tlingit speaker Jim

Thomas, formerly of Yakutat, also spoke Friday evening. He is now a resident of Washington state.

Saturday's events were highlighted by the same four dancing groups and the senior citizens choir. An Indian food sale featuring seaweed and rice and other Native specialties also was offered.

The grand finale on Saturday evening brought all four dance groups. See 'Metlakatla celebrates,' page 2

# School funding debated

By LEW WILLIAMS JR.  
For the Daily News

The Senate Health, Education and Social Services Committee heard 23 Ketchikan area residents testify Saturday on Gov. Steve Cowper's proposal to create an educational endowment fund with a portion of the earnings of the Permanent Fund. Borough Mayor Ralph Gregory and those associated with education were in the majority and supported the plan. Seven residents not involved in education opposed it, including former State Rep. Oral Freeman.

Freeman was one of the drafters of legislation creating the Permanent Fund in 1976. He also served later as a trustee of the fund.

The state constitution bans dedicated funds. It took a constitutional amendment to create the Permanent Fund, into which a portion of the state's oil revenues are dedicated. The principal of the fund cannot be appropriated but the earnings provide dividends to the people, money for inflation-proofing the fund and to build up in unappropriated reserves, now about \$700 million, which the Legislature can use at its discretion.

Earnings exceeded \$800 million

Freeman said the earnings of the fund in the last fiscal year were more than \$800 million. Fifty-three percent of the earnings went into dividends, 41 percent into inflation-proofing and the 6 percent balance into the unappropriated reserve fund. He told the lawmakers that if Cowper's endowment passes, it would take 40 percent of the earnings, which means a cut in dividends or most likely a cut in the inflation-proofing. This would mean over the 15 years it takes to build the endowment fund, the purchase value of fund dollars would go down 60 percent, under the current rate of inflation.

Mary Halloran, who represented the governor's Office of Management and Budget at the hearing but did not speak, told reporters later that Freeman is wrong in claiming the fund value would drop because the money set aside for education would remain in the fund to create more earnings. It's those earnings that would go into education.

events continue  
dinner" open  
and visitors

# State studies local measles outbreak

A rash of 10-day measles has broken at least a three-year lull in Alaska and sent state public health officials from Anchorage to Ketchikan to assist and study the outbreak.

Eleven suspected cases of rubeola, a partially more virulent than rubeola or German measles, have been reported to Ketchikan's Public Health Center since last Wednesday, said Joan Nugent, the center's public health nurse manager, on Monday. Two of those cases have been confirmed through blood samples.

While most cases clear up after a few days of coughs, runny noses, fever and a rash, rubeola can develop into pneumonia, brain damage and even cause death. Children under 1-year-old are particularly at risk for the more serious complications, but adults, pregnant women and people with immune suppressions are also at risk.

There were just two cases of rubeola in the entire state between January 1987 and July 1, 1989, according to statistics from the Division of Public Health, Epidemiology Section.

Four officials with the Epidemiology Section are in Ketchikan taking data, identifying populations which are at risk of infection and making treatment recommendations to local physicians. They continue their work here this week.

The quartet - epidemiologists Dr. Mike Jones and Dr. Carl Lee, immunization specialist John Scott and Public Health Division representative Eve Veuthey - have traced all

the cases thus far to attendance at day care centers, Nugent said. All 11 sufferers have been day-care children, workers, relatives or close friends, she said. A few rashes have been reported within the school system, but none have been narrowed down to rubeola.

Several patients have been hospitalized, but Nugent could not specify.

Highly infectious, rubeola's symptoms begin with four days of a cough, runny nose and fever, followed by a week of a rash. Eyes often become red and highly sensitive to light. The only treatment for these symptoms is isolation and rest.

The infectious period begins one week before and ends four days after the rash has begun.

People with these symptoms should be isolated immediately. A doctor should be called rather than visited unannounced, because he or she may want the patient brought in through a back door to avoid exposure to others.

The health center, located at 628 Park St., is offering free immunization - a three-in-one vaccine covering rubeola, rubella and mumps - to people of all ages. They will also field questions and information from anyone who thinks they may have had rubeola or is unsure whether they have been immunized or not.

While rubeola is very rare in Alaska, officials have been "somewhat alerted" because of increased cases in Washington state and British Columbia within the past year, said Nugent.

**Dividends may increase**  
The likely result of creating the educational endowment would be that dividend checks wouldn't increase in value each year as fast as without the educational endowment. However, there would be no decrease in dividends, Ms. Halloran said.

Mary and Chuck McGee, testifying last at the hearing, were two of the four non-educators speaking for the endowment plan. Mrs. McGee said that she doesn't mind giving up her dividend check to pay for education. Committee Chairman Paul Fischer, a Republican from Soldotna with a master's degree in education, said that comment has been made at hearings throughout the state and he reminds people that it's within their power to sign their dividend checks over to the school district.

Creating the education endowment requires another constitutional amendment which requires voter approval. Taking the issue to the voters requires a two-thirds vote of both houses of the Legislature. The House last year approved putting the measure to a vote of the people 31-8. It will require 14 votes of the 20-member Senate to move the proposal to the governor for his anticipated signature and to the November ballot.

### Those in favor

Leading off testimony, Mayor Gregory said the Ketchikan Gateway Borough Assembly and School District Board of Education have passed resolutions supporting the endowment to take the uncertainty out of school funding.

In response to a questions by Rep. Robin Taylor, R-Wrangell, on whether creating a dedicated fund for education might lead to other dedicated funds, Gregory said no. He saw nothing else of the magnitude of education.

Taylor is not a member of the committee but he and Rep. Cheri Davis, R-Ketchikan, represent the Ketchikan district in the House and attended the hearings.

Dr. Tom Conley, former president of Ketchikan school board, favors the  
*See 'School endowment,' page 2*

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Malone could not reveal the exact status of the court because of the classified nature of the mission, the Department in 34 shuttle flights. The court will be made public just nine minutes before the planned riot on Thursday. Officials have said only that the launch will take place between 4 a.m. and 4 p.m., but not where.

## SCHOOL ENDOWMENT

Continued from page 1

endowment. He pointed out that 75 percent of the district's funding comes from the state and 35 percent from local taxpayers. If state oil revenues fall drastically, it could create a serious problem for local government in funding education.

Bob Weinstein, superintendent of the Southeast Island School District, favors the endowment to assure education funds for rural areas, where problems can be solved only by better educated students.

Ketchikan School Superintendent Richard Clevegar supports the endowment and urged that the Senate at least send the issue to a vote of the people.

### To avoid radical swings

School board member John Harrington favors the endowment to avoid radical swings in education funding during state financial crises.

Dave Thompson, local school board member and one of the non-educators testifying, supports the endowment but suggested the proposal be amended to take out reference to dedicating money to the endowment received from oil lawsuits.

Assistant Ketchikan Superintendent Anthony Kennedy supports the endowment to assure a high quality of education.

Bill Thomas, a school district employee, supports the endowment and told the senators that if George Washington and Abraham Lincoln came back today they would be amazed by electricity and modes of transportation. But they would enter a classroom and find it just like they left it.

Ernie Hansen, who works for the Southeast Island School District, supports the plan, pointing out that legislators may be well-intentioned but it will be hard to fund education in the future if money is not available.

### Supporters present petition

Ketchikan High School Principal John Holst presented a petition with 28 names of educators supporting the endowment.

School Board President Pam Hjortset sees the proposal as a way to cut state spending if the endowment eventually replaces 25 percent of the general fund, which now goes to education.

### Educators favor plan

Ketchikan Education Association President Bruce Stanton said his association and NEA-Alaska support the endowment. He also said the Ketchikan Coalition of Public Employees, which he represents, suggests cutting 25 programs which other states don't have as a way to cut state expense, even if it means cutting state employees.

Sen. Jim Duncan, D-Juneau, a member of the committee, said he had seen the list of 25 programs and they are mostly popular entitlements such as the dividend program, longevity bonus and municipal revenue sharing. Except for the Pioneers' Homes, they do not involve many state employees.

Teacher Mary Schulz made a plea for the endowment but ventured further to point out that there is a crisis in education in Alaska. So many young parents, children themselves, need education.

Sen. Lloyd Jones, R-Ketchikan, said that he and other senators on the HESS committee will be back in Ketchikan again to hold a hearing on education in areas on which Mrs. Schulz testified.

Fish and game biologist Wayne Johnson supported the endowment, saying education should be considered a sacred cow.

Chuck McGee said the endowment would help smaller communities support education and fend off higher taxes.

### Those opposed

Freeman spoke against the endowment as a dedicated fund, saying that dedicating funds takes the spending options away from lawmakers. That is why the constitution was drafted to ban such funds. He said Alaskans learned during territorial days, when there were dedicated funds, that it limited the ability of the legislature to respond to priorities in a financial crisis.

Tom Streeper, a retired military and state worker, said education is a top priority with him but he sees the endowment as setting a bad precedent on tapping the Permanent Fund. He opposes it. He said 75 percent of the Alaskans oppose it, according to a survey he saw.

Contractor Bill Smart opposes the endowment, calling it a raid on the

Permanent Fund, and was critical of school construction programs, referring to them as "squandering our children's money." He said three Plaza shopping centers could be constructed for the \$33 million that will be spent on a new high school.

Rep. Davis asked if that wasn't because of the requirement to pay federally mandated higher Davis-Bacon wages.

Smart said no. He worked on the Plaza project and received high wages. The project was designed and constructed more efficiently.

### Construction standards asked

He added that the state, if it is going to fund school construction, should set some construction guidelines and standardize school design.

Retired mechanic and former council and assembly member Mike Kouni opposed the endowment and any use of the Permanent Fund except in dire emergency. That gives future generations a chance to cope with a depression such as hit the country in the 1930s.

Ketchikan City Councilman Jim Carlton, a retired Air Force comptroller, supports education but opposes the endowment. He would prefer fund earnings to help level out the ups and downs of revenue for financing all government programs. He supports a lid on dividends but opposes any dedicated funds.

Frances Young, mother of three students, agreed with Freeman. She said each child receives a Permanent Fund dividend. She asked: Will the endowment fund be set up to assure that students in private school get some of that money?

Chairman Fischer said no.

Ketchikan banker Roger Stone, with two in school, supports education but said the endowment would cripple the state's leadership by limiting the ability to make funding decisions in the future.

Other lawmakers at the hearing were Sen. Rick Halford, R-Eagle River, and Sen. Al Adams, D-Kotzebue.

Fischer said the committee goes to Kodiak, Kenai, Kodiak and Anchorage to continue the hearings. It came to Ketchikan on Saturday from a Friday hearing in Sitka.

## Metlakatla celebrates

Continued from page 1

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back onto the floor, Gonyah said. The drummers from the different groups joined together in the center of the Town Hall gym while dancers and visitors circled to the beat.

"I didn't want it to end," Fawcett said of the grand finale. Fawcett told the crowd good night and everyone came back on to the gym floor to dance

at the first cultural celebration, Fawcett described Friday and Saturday as more exciting. The first celebration was held back and everyone was more reserved, she said. Fawcett added that the Fourth Generation Dancers were born out of the first celebration.

Everyone is looking forward to next year, said Fawcett.

events on Saturday, Fawcett said. A craft display from high school children was highlighted by Native carvings by students ages 15-18.

Reflecting on the success of the event, Fawcett said that all the performing groups were different. The Git Lax Likshita Dancers, a group of school-age children, performed a total of 12 separate dances and finished the

# Senate OKs payment of arbitration awards

By LARRY PERSILY  
Associated Press Writer

JUNEAU (AP) — Legislation that would appropriate almost \$5.8 million to pay binding arbitration awards in three state employee union cases is on its way to Gov. Steve Cowper.

The Senate approved the measure Thursday, following House approval last month. Cowper is expected to sign House Bill 453.

"They won the arbitration fair and square, and I think it's fair that we pay it," said Sen. Jan Faiks, R-Anchorage.

Sen. Rick Halford, R-Chugiak, cast the only vote against the legislation in the Senate, but then changed his mind when senators reconsidered the bill later in the day.

Checks should be in the mail by mid-April to the 1,700 members of Public Employees Local 71 who are covered by two of the arbitration awards, said Bruce Scandling, an Administration Department spokesman.

Almost 400 members of Local 71 would receive a \$675

retroactive payment for 1989 and a 4.6 percent pay increase this year. The group includes pioneers' home and state prison blue-collar workers prohibited from striking.

An arbitrator in January ruled in favor of the union's pay-hike request. Cowper then introduced legislation seeking money to cover the award at a cost of \$611,100.

The entire union membership is covered by the other arbitrator's award, covering holiday pay for Columbus Day 1988.

The dispute involved a contract provision that said Local 71 members would receive all federal holidays. The provision was changed last year, but the arbitrator ruled the state owed the union members \$370,900 for 1988.

The third arbitration award covered by the bill involves about 130 members of the Public Safety Employees Association who have been waiting for their money since 1988.

An arbitrator had ruled that the airport safety officers and court officers should be paid the same wage as state trooper re-



cruits. The retroactive wage hike and other benefits total \$4.8 million since 1988.

Payments to the airport and court employees will not come as quickly as the back-pay checks to Local 71 members, Scandling said. The state is challenging the Public Safety Employees Association award in court and a stay delaying payment of the money is in force until the case is decided.

Cowper spokesman David Ramseur had no comment Thursday on how the legislative appropriation might affect the state's lawsuit.

Scandling said the state's position is that arbitrators do not have the authority to reclassify employees into higher-paying jobs.

The case also is in court because the union last year sued the Legislature for failing to appropriate money to cover the arbitration's award.

Several House members voted against the bill last month because they said the state should wait for a court decision before paying the back wages.

# Aging conference financed

JUNEAU (AP) — The Senate has approved almost \$200,000 for the Older Alaskans Commission to sponsor a conference on aging next year, in preparation for Alaska's participation in a national conference later in the year.

Delegates would be selected from retiree and elderly groups statewide, with the meeting set for May 1991 at the University of Alaska Fairbanks.

The White House Conference on Aging is set for late fall, said Connie Sipe, director of the Older Alaskans Commission.

Senators approved the funding without opposition Friday. Senate Concurrent Resolution 36 also requires House approval.

Delegates at the state conference would choose representa-

tives for the national meeting, where federal policies on the elderly will be reviewed and recommendations offered for congressional action.

# HESS hearing on March 9

The Senate Health, Education and Social Services Committee will hold a hearing on HJR 13, relating to the Education Endowment, at the Kodiak Island Borough Building, in the Assembly Chamber, from 6 - 9 p.m. Friday, March 9.

For more information regarding this hearing, please contact the legislative information office at 486-8116, or the Senate HESS Committee.

*The Coast Guard Officers' Wives' Club wishes to thank the following for their generous contributions to our charity fundraiser, GOLD RUSH DAYS, held February 24, 1990:*

- The Elks Club
- MarkAir
- Hair Designers
- Mack's Sport Shop
- Denni Stott
- Pat Denny
- Standing Room Only
- Newkon Office Supply
- Wodlinger's
- Avis
- Level II

- Westmark
- Shire Bookstore
- Radio Shack
- Fauteaux Fast Photo
- The Stitchery
- Spenard Builders Supply
- Hair Masters
- Out To Lunch
- Kodiak Historical Society
- Ardingers'
- Janna Chandler

# Who are they working for?

# STATE OF ALASKA THE LEGISLATURE



LEGISLATIVE AFFAIRS AGENCY  
DIVISION OF PUBLIC SERVICES

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## PUBLIC SERVICE ANNOUNCEMENT

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FOR USE THRU FRIDAY, MARCH 9TH

## Alaska State Legislature

SENATOR PAUL FISCHER, Chairman  
SENATOR JIM DUNCAN, Vice Chairman  
SENATOR AL ADAMS  
SENATOR LLOYD JONES  
SENATOR TIM KELLY



PO BOX V  
ROOM 508  
STATE CAPITOL  
(907) 465-3782

### Senate Committee on Health, Education and Social Services

The Senate Health, Education and Social Services Committee will hold a hearing on HJR 13, relating to the Education Endowment, at the Kodiak Island Borough Assembly Building on Friday, March 9, 1990 from 6 - 9 p.m.

For more information regarding this hearing, please contact the legislative information office or the Senate HESS Committee.

FOR FURTHER INFORMATION, PLEASE CALL US AT 486-8116



# Legislative Teleconference Network

## TELECONFERENCE SCHEDULE MARCH 5 THRU MARCH 17

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DATE: WEDNESDAY, MARCH 7  
 TIME: 1:30 PM  
 SPONSOR: SENATE STATE AFFAIRS COMMITTEE  
 SUBJECT: SB 348 - PERS BENEFITS FOR PROBATION OFFICERS  
 SB 263 - VIDEO GAMBLING ON LICENSED PREMISES

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DATE: WEDNESDAY, MARCH 14  
 TIME: 6:00 PM  
 SPONSOR: SENATOR FRED ZHAROFF & REPRESENTATIVE CLIFF DAVIDSON  
 SUBJECT: "CONSTITUENT MEETING"- JOIN US AND VOICE YOUR CONCERNS,  
 SITES TO BE ON LINE INCLUDE AHKIOK, OUZINKIE, PORT LIONS & LARSEN BAY

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### FOR YOUR INFORMATION

THE KODIAK LEGISLATIVE INFORMATION OFFICE NOW HAS THE NEW  
 LAND FOR ALASKANS  
 STATE LAND OFFERING BROCHURE - 1990  
 THIS PUBLICATION CONTAINS INFORMATION CONCERNING  
 THE STATE LAND PROGRAMS FOR 1990

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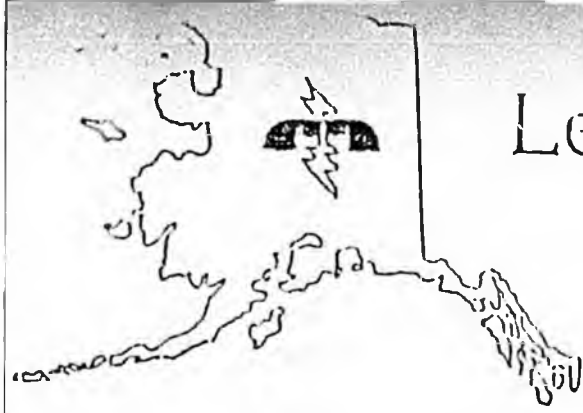
THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE  
 WILL HOLD A PUBLIC HEARING IN KODIAK  
 FRIDAY, MARCH 9  
 6:00 - 8:00 PM  
 AT THE KODIAK ISLAND BOROUGH ASSEMBLY CHAMBERS  
 SENATOR PAUL FISCHER  
 SENATOR JIM DUNCAN                      SENATOR ALBERT ADAMS  
 SENATOR LLOYD JOHNS                    SENATOR TIM KELLY

THE SUBJECT OF THIS PUBLIC HEARING WILL BE "THE EDUCATION FUND"

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THE KODIAK LEGISLATIVE INFORMATION OFFICE  
 IS LOCATED AT  
 112 MILL BAY ROAD  
 486-8116



# Legislative Teleconference Network

TELECONFERENCE SCHEDULE  
MARCH 10 THRU MARCH 24

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DATE: Saturday, March 10  
TIME: 1:00 PM  
SPONSOR: House Resources Committee  
SUBJECT: HJR 74 - CONSTITUTIONAL AMENDMENT: SUBSISTENCE PREFERENCE  
HJR 88 - SUBSISTENCE USES OF FISH & WILDLIFE

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DATE: Wednesday, March 14  
TIME: 6:00 PM  
SPONSOR: Senate Oil and Gas Committee  
SUBJECT: OIL SPILL COMMISSIONS RECOMMENDATIONS COMPARED TO THE GOVERNORS OIL SPILL BILLS, SB 503 & SB 504

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THE "CONSTITUENT MEETING" SCHEDULED FOR WEDNESDAY, MARCH 14TH HAS BEEN CANCELLED.

Senator Zharoff and Representative Davidson will be in Kodiak the weekend of CanFish, March 16 & 17.

Both Senator Zharoff and Representative Davidson will be holding constituent office hours on Friday morning, March 16 from 10:00 AM until noon.

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### A REMINDER

A public meeting will be held in Kodiak's Borough Assembly Chambers with the Senate Health, Education and Social Services Committee on FRIDAY, MARCH 9TH from 6:00 to 9:00 PM.

This is a time for the public to comment on the proposed Educational Endowment: HJR 13.

Senators Fischer, Duncan, Jones, Kelly and Adams are members of the Senate HESS Committee.

Kodiak's Legislative Information Office has copies of that bill as well as descriptive literature available to the public.

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THE LEGISLATIVE INFORMATION OFFICE IS LOCATED AT 112 MILL BAY ROAD.  
PLEASE CALL 486-8116 FOR ADDITIONAL INFORMATION ON YOUR LEGISLATIVE CONCERNS.

# Education fund plan presented

1-16-89

By CHUCK KLEESCHULTE

THE JUNEAU EMPIRE

Calling sufficient funding for education his "overriding priority," Gov. Steve Cowper today formally unveiled the details of his plan to use 40 percent of future Alaska Permanent Fund earnings to fund schools.

During a morning press conference, complete with charts and a video presentation showing smiling youngsters at the Harborview School playground, Cowper said his education fund, which he wants established by constitutional amendment, would guarantee that Prudhoe Bay oil wealth will be shared equally with future Alaskans.

"The amendment will provide a stable, long-term source of funding for the most important public service state government provides. ... This approach will remove education funding from the swings of the oil market and the politics of the legislature and strengthen the permanent fund at the same time," said Cowper.

Under his plan, 40 percent of all future earnings of the permanent fund, plus all the interest that money earns will be set aside within the permanent fund. The earnings from that pot after 10 years could then be spent to fund the state's school foundation program that covers school district operating costs - currently \$445 million this year - but not school construction debt or the University of Alaska's operating costs.

If approved by two-thirds of both houses and then by voters next year, the account would start in 1991. By 2000, at current projections it would total \$6.3 billion and produce interest of nearly \$500 million a year. Under the plan, the pot would stay in effect for 20 years - lawmakers having the right to extend it for another five years after that. It would be able to pay the entire cost of state education by 2010.

Cowper argued the plan will assure a source of funds to cover the costs of a projected 22,000-pupil population increase in state schools by 2000. Cowper said by his plan permanent fund dividends would continue to grow, but he admitted the dividends would grow at a much slower rate and likely remain similar to the amount paid last year.

In 1988, Alaskans received just over \$800 in dividends. According to state Department of Revenue estimates in late 1987 the dividend by the year 2000 should be worth \$1,456 per

Please turn to Cowper, Page 8

## Cowper...

Continued from Page 1

person - if the education plan is not approved. Cowper today said he had no immediate updated projections allowing for a comparison of the effect of his plan on the size of dividends.

Currently, about half of the permanent fund's interest is used for dividends, about 30 percent is reinvested in the fund to offset the effects of inflation and about 20 percent is funneled back into the fund - the so-called earnings reserve account that currently contains about \$600 million.

While Cowper's amendment only requires that 40 percent of the fund go to education and indirectly to cover inflation proofing, Cowper in his State of the State message proposed that another 20 percent be used for general government expenses, which would have the effect of forcing lawmakers to cut the share used for dividends.

Today Cowper said if lawmakers accept his 20 percent proposal his education amendment would have to be altered to initially send a smaller percentage of the permanent fund earnings into the education fund. Without the "ramping" change, dividends likely would actually fall, something Cowper pledged not to allow.

"This is very complex and is easily open to misinterpretation, but this will fund education and I consider that the key to the state's future. ... It transcends all our other needs," said Cowper.

"There was a lot of rank speculation in 1978 that the fund if left alone could be used to help defray the cost of all government someday. What I do know is that by this plan the cost of education will be funded and I believe that is a worthy goal," said Cowper.

# Editorial

## Bad plan

A major state issue before the 1990 election campaign is Gov. Steve Cowper's dream of obligating Permanent Fund earnings for the next 15 years to pay education costs.

The reason the issue comes up now is that the governor has to convince the state Senate that the issue should be put on the ballot. The House has passed a resolution putting the issue before the voters next November. If the Senate kills the idea, as it should, the issue is dead probably for all time because Cowper — its champion — goes out of office before another Legislature meets.

Many say it is only fair for the Senate to put the issue on the ballot and let the voters decide. Oral Freeman, former chairman of the Permanent Fund Trustees, one of the lawmakers (along with Cowper) who created the fund and the lawmaker who sponsored large appropriations to the fund, says that is unfair to opponents of the governor's plan. Cowper will have the assets of the state behind his push for the plan. Opponents will be at a disadvantage.

Freeman's opposition to Cowper's idea is based on the history and future of Alaska state finances.

When delegates drew up the state constitution, they included a ban against dedicated funds. The territorial government operated under the handicap of many dedicated funds. One program could starve for funds because the Legislature couldn't move funds from a prosperous fund to meet a higher priority in an under-financed program. (Freeman remembers that the territory wasn't flush in any areas, which is why Alaskans wanted statehood.)

When the concept of the Permanent Fund passed the Legislature in 1975, Gov. Jay Hammond vetoed the measure, although he agreed with the concept. He took the action on the advice of the attorney general who said that creating the Permanent Fund was dedicating funds and unconstitutional.

In 1976, the Legislature passed a resolution to put an amendment to the constitution before the voters to allow creation of the Permanent Fund. It was approved by the voters.

Now, Cowper wants to dedicate 40 percent of the earnings by constitutional amendment to fund education.

There is a difference between the amendment to create the Permanent Fund (save money and build revenue) and an amendment to create the educational endowment (spend the money).

The amendment creating the Permanent Fund specifies that the earnings of the fund go into the general fund to be appropriated as the Legislature sees fit. It's by legislative action that the dividend program and the inflation-proofing have been adopted. That can be changed by law if enough legislators want to spend the earnings elsewhere. A future Legislature may want to reallocate the earnings of the fund to meet needs at that time.

Cowper's proposal dedicates — actually appropriates — the earnings of the fund and leaves future Legislatures no option on allocating that revenue.

Freeman points out that if 40 percent of the earnings of the fund are diverted to a dedicated fund, it means a drastic cut in dividends or inflation-proofing. Of the \$868 million in earnings last year, 53 percent were used for dividends and 41 percent went to inflation-proofing. Getting the figures down to something any Alaskan can understand, assume that the earnings of the Permanent Fund were \$10 last year. The dividend program took \$5.30 and inflation-proofing \$4.10. That would leave 60 cents for other purposes. If Cowper's amendment passed, the first \$4 of the earnings would go to the education endowment. That leaves \$6 to divide between dividends and inflation-proofing vs. \$3.40.

If inflation-proofing is abandoned for 15 years, and inflation continues at the historic average of 4 percent, the fund principal will be worth 50 cents on the \$1 in 15 years. If inflation is covered, there would be \$2 out of the \$10 for dividends, compared with the current \$5.30. More than a 50 percent cut in dividends. Freeman says the voters should recognize those figures and not be lulled by assurances that the education endowment will have negligible effect on dividends and inflation-proofing. Of course, if the Legislature wants to use fund earnings for education instead of dividends or inflation-proofing, it can do so now. The constitution says the Legislature determines use of the earnings.

Much is made of setting aside money for future generations. Freeman says that has been done with creation of the Permanent Fund. A new generation begins with each new session of the Legislature and each session has the option to appropriate the fund earnings to meet the priority needs facing that generation of lawmakers.

Freeman emphasizes that he is not anti-education, especially with children who graduated from Alaska schools and with children and grandchildren in Alaska schools. Alaskans have never stunted on education, the former House Finance Committee chairman says. The constitution says that providing for education is a responsibility of the state.

We agree with Freeman. Education is the last department of the state which needs assurance of dedicated funds. Education is the most popular and universally used service provided by the state.

We point out, too, that in 15 years the population of the United States will have a higher percentage of older people and their care may become a priority. The rising cost of health care for everyone mandates that soon there be a statewide health insurance program. We may have fewer students in schools as a percentage of the population, especially with more young people opting for careers with fewer or no children. Do we want a large sum of dedicated funds set aside for education while students' health and that of their grandparents is neglected?

Cowper's plan is a bad one for future generations. With its inflexibility, it has a better chance of adding to the problems of the times, rather than reducing them.



## FALL BACK

Set clock back one hour tonight

## WORLD SERIES

Oakland A's beat up the Giants, 13-7

Sports, B-1

## VICTORY

Hockey team wins opener

Sports, B-1



# Anchorage Daily News

VOL. XLIV. NO 301 86 PAGES

ANCHORAGE, ALASKA, SATURDAY, OCTOBER 25, 1980

PRICE 25 CENTS

## Cowper pushes permanent fund change

### Education endowment would reduce checks

By STAN JONES  
Daily News reporter

Gov. Steve Cowper barnstormed into East Anchorage High School Friday, trying to convince an auditorium full of people too young to vote that they should support his latest plan for spending money from the Alaska Permanent Fund.

Cowper talked with the students, cracked a few jokes, showed them a video, and barnstormed out again, continuing a state-wide campaign for his proposal to divert permanent fund earnings into a special account — called an endowment — that would eventually pay a major part of Alaska's education budget.

By the year 2005, according to the governor's figures, the education endowment would be producing about \$700 million annually to support public schools, though not the University of Alaska. Today, that part of the budget is about \$600 million.

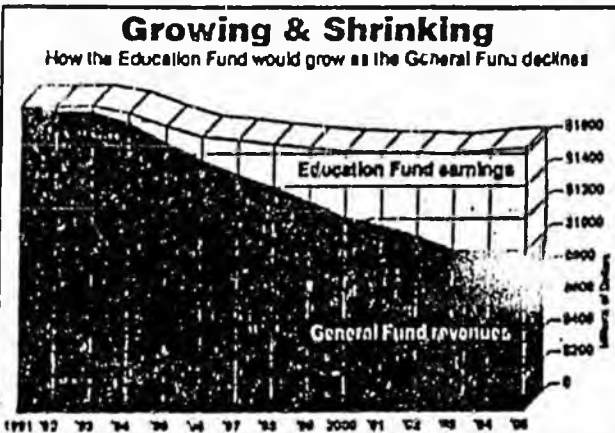
But the plan also would cut the growth of the permanent fund dividends paid each year to Alaskans and erode the real value of the principal of the permanent fund.

This year, the dividend is \$873.16. Without the endowment, the dividend would grow to \$1,733 in the year 2005, by Cowper's figures. But if the endowment is approved, the dividend then would be only \$1,075, a difference of \$658.

Because permanent fund earnings now used for inflation-proofing would be diverted into the endowment, the permanent fund itself would no longer keep up with inflation.

On July 1 of this year, the permanent fund contained about \$10 billion. By 2000, the governor's plan would shrink the value of the fund, adjusted for inflation, to about \$7.5 billion.

None of Cowper's earlier attempts to spend permanent fund money have worked. In 1967, just after taking office, he asked the legislature for permission to spend as much



### EFFECT ON DIVIDENDS

of Cowper's proposal

Year	Dividend without education fund	Dividend with education fund
1989	\$873	\$873
1995	\$1,038	\$982
2000	\$1,390	\$1,074
2005	\$1,733	\$1,074

Source: Governor's office

Anchorage Daily News/Alan Engstrom  
Gov. Steve Cowper addresses East High students Friday about the need for an education endowment, which would be funded by earnings from the state permanent fund.

# THE BACK PAGE

## PERMANENT FUND: Cowper wants to use fund earnings for education

Continued from Page A-1

an \$500 million in permanent fund earnings and got turned down. He has made similar requests of subsequent legislatures, with the same result.

Now that he has announced he won't run for re-election, he probably has even less political clout. But that isn't keeping him from trying again. He says the education endowment is what he wants to be remembered for.

"I came here to do something. This is what I intend to do," Cowper said in an interview. "Nobody appreciates me now, but they will in 10 or 15 years."

Cowper's plan would work like this: Beginning in 1991 and continuing for 15 to 20 years, 40 percent of the annual earnings of the permanent fund would go into the education endowment.

The earnings of the endowment — but not its principal — would be available to pay for state education programs, but could not be used for anything else.

The basic argument for the endowment is simple: With Prudhoe Bay starting to run dry, the state faces a budget crunch. And education is so important that it should be protected from that crunch by getting its own dedicated fund.

"It's a dead certainty that jobs in the future are going to depend on education," Cowper said. "Given all that and the fact that revenues are going down in a hurry, it seems to me that we ought to give our kids the benefit of the doubt and pass on some of the benefits of Prudhoe Bay to them."

"Other parts of government are just going to have to scramble to justify their existence, but kids are kind of ill-suited to do that," Cowper said. "They ought to be exempted from that process, in my opinion."

There are two main arguments against the idea. One is made by politicians and the other by their constituents.

The politicians don't reject Cowper's underlying notion that the state faces a fiscal crisis, or that the permanent fund should be spent to deal with it.

Their complaint is that tying up a big chunk of money in a single-purpose fund deprives future legislators and governors of the flexibility to meet needs and problems as they arise.

Tim Kelly, the Republican president of the state Senate, said he thinks permanent fund money may be needed even before

Cowper's education endowment would begin to make it available in substantial amounts.

"I agree with the concept that permanent fund earnings can be used for education some time in the future," Kelly said in an interview. "But at the rate of decline of state revenues, I don't think we can wait that long to build up the pot."

Oral Freeman, 73, was in the legislature when the permanent fund was created and is sometimes called one of its fathers. And he served as chairman of the permanent fund board of trustees until Cowper declined to reappoint him a few weeks ago. Freeman is against special-purpose dedicated funds, including Cowper's endowment.

"In my opinion, the governor's proposal for an education endowment was a scam wrapped in the flag wearing education as a mask," he said recently from his outboard motor shop in Ketchikan. "Why go out and tie your legislators' hands? They've never failed in their responsibilities for education."

The bias against dedicated funds runs deep in Alaska history, so deep that they were banned when the state constitution was written more than 30 years ago.

In fact, the constitution had to be amended in the 1870s to set up the huge dedicated fund that Alaskans know as the permanent fund. And it would have to be amended again to permit Cowper's dedicated education fund.

Freeman wasn't in the legislature when Alaska was still a territory and the constitution of the future state was being drafted, but he remembers the problems with dedicated funds.

"What they did was deny the (territorial) legislature the opportunity to prioritize and make decisions as to where the greatest need was compared to the amount of money we had," Freeman said. "A lot of people who served at the constitutional convention had served in the legislature, working under those conditions, and they felt so strongly about it they wrote into the constitution a prohibition against dedicated funds."

Cowper doesn't buy it.

"I think that's an interesting academic argument," he said. "In the meantime, somebody's got to figure out how to pay the bills around here."

For a lot of Alaskans, there is only one question when it comes to any proposal affecting the permanent fund: Will it cut the dividend?

If the answer to that question is "yes," their response is "no."

"The purpose of the permanent fund is to pay dividends. It has no other useful purpose," said Jim Weldner, a Fairbanks small businessman who heads a sporadically active group called the Association for the Protection of the Permanent Fund.

"You take the money and give it to the state legislature to give away, what's the useful purpose in that?" he said. "You pay dividends to the people of Alaska, they spend their dividend money, and that makes an economy."

Red Boucher, a Democratic state representative from Anchorage, heads a state task force on the future of the permanent fund. He has heard a lot of that kind of talk in hearings around the state during the past few months.

"By and large, the message loud and clear is leave it alone," Boucher said. "They're just afraid if you even talk about it, that means a raid on their dividends."

"Whoever wanted to establish the dividend program so it would be a watchdog has done a super job," Boucher said. "I mean, it's locked up and the key's thrown away."

Cowper is about a third of the way to getting his education endowment enacted. It passed the state House at the end of this year's legislative session. It must pass the Senate by a two-thirds majority in the next session to get on the general election ballot in 1990, and there it must meet with the approval of a majority of the voters before the constitution will be amended and the deposits into the fund can begin.

Cowper's determination to win his battle for the endowment seems to have silenced people normally willing to talk about public issues.

Rep. Max Gruenberg, the only Democrat to vote against the proposal in the House, refused to discuss it with the Daily News.

The Alaska Permanent Fund Corporation, which manages the fund, usually produces its own computer projections when someone makes a proposal that would affect the fund.

But despite repeated requests from Sen. Rick Hallford, R-Chuglak, this fall, the corporation hasn't produced an analysis of Cowper's endowment proposal since early this year, when it did so and was roundly criticized by the governor's office for coming up with numbers different from those produced by the governor's own computers.

"I'm not sure we're going to be real enthusiastic about wading into the middle of the debate," said Bob Maynard, assistant executive director of the permanent

fund corporation. "We'll probably defer to OMB (the governor's Office of Management and Budget) on that."

Cowper became angry when asked in an interview if he was trying to keep people from talking independently about the education fund.

"The permanent fund is not in charge of what is to be done with the income," Cowper said. "That's not their job."

Freeman, meanwhile, believes that Cowper took him off the permanent fund board because of his opposition to the education endowment plan.

"It didn't make me too happy ... but it didn't change my mind," Freeman said. "He can fire me but he can't muzzle me."

Cowper denied kicking Freeman off the board because of his views on the endowment. Cowper said he did it because he has a policy of removing people from boards when their terms expire.

"He persists in saying that I kicked him off the board for reasons that are just not correct," Cowper said. "Nobody's got a right to a lifetime tenure on the board."

The combustible Cowper occasionally lapsed into profanity during an interview Thursday when confronted with some of the questions raised about his education endowment plan.

"That's a bunch of horseshit," he shouted at one point.

"All of this frigging theology that goes on around the permanent fund is going to have to be exploded one way or another," he shouted at a different point.

Friday morning Cowper was calmer when he showed up at East High, where the student government had passed a resolution in support of the idea. Several hundred students listened, mostly with evident approval, as he talked easily about his plan.

Still, it seemed some of them were a little hazy on some of the details. A few minutes before Cowper's appearance, student body president Jasper Gray was making notes for his impending introduction of the governor when he turned to a reporter sitting nearby.

"Is it Cowper or Cow-per?" Gray asked. After his talk, Cowper took questions from the students and a handful of reporters who had shown up.

Someone asked him about the criticisms being leveled against his proposal.

"People can run around saying things about it that aren't true, and nobody knows whether they are or not," he said. "It's complicated."

# DIVIDENDS: A major economic force in state

Continued from Page A-1

did not include a comparison with payroll of one of Alaska's largest employers, the state itself.

"The dividend has created essentially a new industry in terms of generating purchasing power," said Scott Goldsmith, an ISER economist.

Goldsmith co-wrote the study with Jeff Wanamaker, a college student. ISER is the University of Alaska, Anchorage's think tank.

To come up with the employment figures, Goldsmith estimated that every \$1 million paid as dividends annually created 13 year-long jobs as residents spent that money for goods and services. The estimated 5,600 jobs sustained equals more than 2 percent of all Alaska jobs.

Many Alaskans, Goldsmith conceded, don't spend the money but stash it away for education, retirement or other purposes. But many others, particularly low-income residents, spend the money immediately.

"The two factors offset each other," Goldsmith said. And on balance he believes the net effect of a permanent fund dollar was the same as one brought home in a paycheck.

The three-month study, funded by a \$100 permanent fund corporation grant, used state and federal statistics to piece together a rough view of the dividend's impact on Alaska. Some statistics Goldsmith described as

"fairly slippery." But he said he still had confidence in the study as a rough outline of the fund's economic effect.

"It was a fairly modest analysis," Goldsmith said.

Among its findings:  
• The dividend equals 6 percent of the average Alaskan's total earnings.

• For most Natives, dividend payments increased family income by more than 10 percent.

• An Alaska family of four that saved all dividends paid since 1982 and earned 8 percent interest on that money would have \$21,600. That same family, if it continued to save all dividends and earn an 8 percent annual return, would have more than \$100,000 in 15 years.

The dividends are paid from profits of the \$10 billion permanent fund, the oil-wealth savings account created by voters in 1976. The fund receives at least 25 percent of oil royalties and rents paid to the state. The money is managed as a trust fund by the Alaska Permanent Fund Corp., an independent public corporation.

The fund cannot be spent, only invested. Investment profits are used in part to pay dividends. Those profits totaled \$868 million in the fiscal year that ended June 30. Other profits stay in the fund to offset inflation.

Any money left over goes into a reserve account, which the legislature may spend. That reserve totals more than \$600 million.

# CHECKS: \$873.16 in 1989

Continued from Page A-1

part of their annual income."

Last year's dividend was \$826.93. Officials had predicted in July that fewer applicants and higher earnings this year might push the 1989 checks over the \$900 mark. That was not to be, however.

The department said that while earnings were up and the number of applicants fell, several other factors prevented the dividend from increasing more:

• The legislature this year appropriated money from the dividend fund for the first time to pay the costs of two social programs. The dividend was reduced by \$1.47 to provide money for victims of violent crime, and by \$1.42 to help pay for sexual offender treatment and other inmate programs.  
• The 1989 dividend was



reduced by \$22.72 to pay the cost of an \$11.7 million program to compensate welfare recipients who otherwise would not be eligible for food stamps and other aid because of their dividend income.

• The dividend was further reduced \$6.83 to pay the cost of running the dividend program, including the cost of detecting fraudulent and ineligible applicants. Officials said the Permanent Fund Dividend Division rejected a record number of applications for the 1988 dividend, resulting in a \$12.8 million carryover in the dividend account.

# MARCOS: Former Phil

Continued from Page A-1

at times as a dictator, died without facing trial on U.S. criminal charges he plundered the Philippine treasury.

While Marcos spent nearly 10 months in the hospital, his family begged Philippine President Corason Aquino to let him come home to die, but she refused.

Aquino took office as a result of the popular revolt that drove Marcos into exile, and her government has survived six armed attempts to overthrow it. She said she refused again after his death to allow his burial in the Philippines for the sake of "the tranquility of the state and the order of society."

Philippine opposition leaders urged her to reconsider.

"It is just so wrong. It is his birthright. He is a Filipino, the greatest Filipino," said Joe Lazo, president of the Honolulu group Friends of Marcos.

Later Thursday, the Federal Aviation Administration in Washington prohibited any aircraft from flying Marcos' remains out of the United States for the Philippines, saying it would "create a danger to the safety of the aircraft and persons involved."

Lazo said family and friends would pay respect at Marcos' hilltop home overlooking downtown Honolulu and the Pacific Ocean. Marcos' remains, in a polished wooden casket were taken by barge to the mansion Thursday morning.

The house will be open to mourners 24 hours a day until Sunday, then his body will be taken to a local mortuary for viewing through Thursday, Lazo said.

A funeral Mass is planned for next Friday, but there are no definite plans for burial, Lazo said. He said Mrs. Marcos would keep trying to bring her husband back to his homeland. "She knows that's what he wanted."

Marcos' mother, who died in May 1988, has been embalmed several times and lies unburied because Marcos was not allowed into the Philippines for the funeral.

Tomás "Buddy" Gomez, Philippine consul general in Honolulu and an outspoken Marcos critic, said he would not attend the memorial service and urged Mrs. Marcos not to "exploit her husband's death."

A staunch U.S. ally during his presidency, Marcos claimed he was tricked by U.S. authorities into leaving

# AIDS: Federal officials ap

Continued from Page A-1

met with extraordinary measures," said FDA Commissioner Frank E. Young, in announcing the plan, which will begin within two weeks.

Under the new limited approval, ddi would be made available to all persons with AIDS who have been unable to take AZT because of the

serious side effects it causes — an estimated 25,000 people — and to another 2,600 who will enroll in pre-studies comparing the drug to AZT, the only drug now licensed to treat the HIV virus directly.

In addition, the FDA will permit the drug's manufacturer, Bristol-Myers, to give the drug to people with AIDS, or serious HIV infection

# SUMMIT: President's meeting

Continued from Page A-1

rhetoric is part; the time for performance is now."

But they didn't define what they meant by that.

Seeking to cement his self-defined goal to be the "education president," Bush said the summit began a "social compact between parents, teachers, principals, superintendents, state legislators, governors and the administration... founded not on promises, but on challenges."

In one of a few specific examples, several governors complained that they find it ludicrous that computers

bought for special education children with federal dollars may not be used for adult education at night.

Bush answered them by saying, "I ask Congress to allow Washington to be more flexible, by passing reform legislation."

But the rules for restrictions come from federal regulators in his administration, not Congress.

Responding to those who feared he'd seek a return to the past standards of education, Bush said he isn't considering a "naive nostalgic adherence to the past Business as usual is not f

# Anchorage Daily News

VOL. XLIV, NO. 272 100 PAGES

ANCHORAGE, ALASKA, FRIDAY, SEPTEMBER 29, 1989 OCT 2 1989

PRINTED AT:  
Edwards North Star Borough Public Library,  
1518 Corvair Street  
Fairbanks, Alaska 99701

PRICE 25 CENTS

## Dividend checks become major force

### Your check: \$873.16

By BRIAN S. AKRE  
The Associated Press

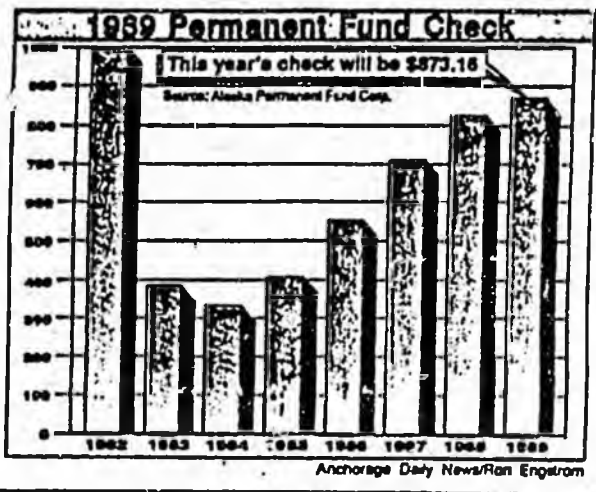
**JUNEAU** — This year's Alaska Permanent Fund dividend will be \$873.16, the state Revenue Department announced Thursday.

The first checks will be mailed to qualified state residents starting Oct. 9 and should arrive in mailboxes by Oct. 18, the state Revenue Department said.

For a family of four, this year's dividends will total \$3,492.64.

"The annual distribution of permanent fund dividends is now widely recognized as an important element of the Alaska economy," state Revenue Commissioner Hugh Malone said. "For many families, the annual dividend distribution is anticipated as a welcome and necessary

Please see Back Page, CHECK



**FUND EARNINGS:** For the first time, the Alaska Permanent Fund's biggest source of income isn't oil money. C-1

By HAL BERNTON  
Daily News reporter

Alaska Permanent Fund dividend payments have emerged as a pillar of the state economy, with spending power that sustains an estimated 5,600 jobs, according to a new study by the Institute for Social and Economic Research.

By the end of this year, the 8-year-old dividend program will have paid out roughly \$2.5 billion to Alaska residents. And the dividends now bring more money into the economy than wages paid to construction, seafood, tourism, timber, mining, or agricultural workers, according to the study released Thursday at the Alaska Permanent Fund Corp.'s annual meeting.

Only the Alaska payrolls of the U.S. military, petroleum industry and federal bureaucrats exceeded the more than \$400 million value of last year's checks. The study

Please see Back Page, DIVIDENDS

## Whole truth gets lost in ATU sale campaign

By STEVE RINEHART  
Daily News reporter

The relentless advertising about whether or not to sell the Anchorage Telephone Utility, the most expen-

ads on the screen, on the air and in print.

To win, supporters of the sale must get 60 percent of the voters to agree with them Oct. 2 and approve



## Marcos dies; exile continues

# Cowper's educational endowment an 'act of theft'

In his major policy address last month, Gov. Steve Cowper announced a new "educational endowment" to direct part of the Permanent Fund's earnings toward "supporting education" in Alaska.

The scheme is embodied in HJR 13, introduced by the governor. This constitutional amendment would transfer 40 percent of the fund's investment earnings to a new "educational endowment" within the principal of the permanent fund.

All the annual earnings of this "endowment" would also be plowed back into the endowment's principal.

The governor and his staff have



Fred Pratt

repeatedly claimed this will not affect our permanent fund dividends or the fund itself. But anybody with the most basic understanding of how the fund operates can tell that this endowment is no thing more than a ruse to transfer most of the current earnings and dividends to a slush fund that would free local school districts from hav-

ing to ask local taxpayers or the Legislature for money.

One who views HJR 13 suspiciously is Senate Majority Leader Dick Hallford, R-Chugiach, a most staunch defender of the permanent fund.

Hallford asked the permanent fund managers for a projection of the effects of the governor's plan. The package being discussed in the Legislature would also pay the existing earnings reserve of the fund of \$521 million as the initial principal of the endowment, and 50 percent of the total fund's earnings would be transferred each year to the general fund where they could pay other state government costs.

The very startling results are shown in the chart that accompanies this column.

The governor's scheme would take \$7.3 billion from the permanent fund principal between now and the year 2005. By the year 2005, the principal will be \$12.1 billion.

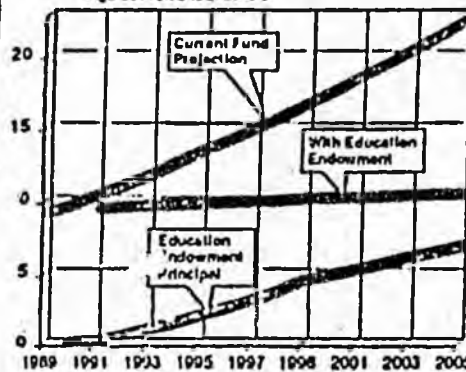
Your permanent fund dividend checks will be essentially capped at no higher than \$40 a year, about \$200 less than what we get now. Over the next decade this would cost you \$1,500.05 each. Over the next 15 years it would cost you \$7,454.53. At that time, in the year 2005, you would be getting only \$61.17 a year for a dividend check instead of the \$1,500.75 projected under existing law.

Putting it another way, by the year 2000 every school age child would be paying a "tuition" of about \$600 a year to support his local public school. So would each of his parents, adding up to at least \$1,800 a family.

The annual addition of earnings to the fund's principal to protect it from inflation would be 1 in 191. There simply wouldn't be enough earnings left to pay it. Under HJR 13 the non-education part of the permanent fund principal, the part that really is the permanent fund,

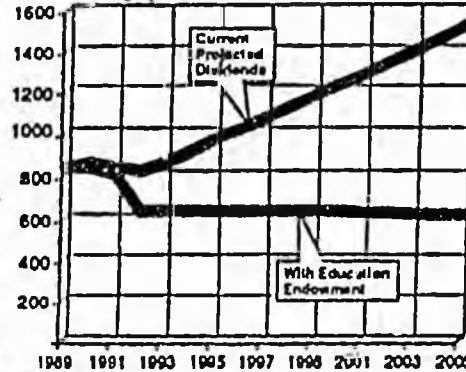
Permanent Fund Principal

Figures in billions of dollars



Permanent Fund Dividend

Figures in dollars



**GROWTH AND IMPACT**—The effects of Gov. Steve Cowper's "education endowment" proposal on the permanent fund over the next 15 years are shown in these two graphs. The left graph compares, in billions of dollars, the projected growth in the permanent fund's principal with and without Cowper's plan to divert 40 percent of future earnings to an "education endowment," a separate investment fund that would help pay the state's annual grants to local school districts. The right graph shows the impact of Cowper's proposal on the annual permanent fund dividend checks over the same time period.

would essentially stop growing. In real terms, corrected for inflation, it would dwindle to less than half its present value by 2005.

HJR 13 is cleverly crafted to divert virtually all the permanent fund's investment earnings to the education endowment, and all of the "endowment's" earnings would automatically go to school district grants.

Not that this would really pay for education to the extent that the governor implies. The permanent fund projections show that it would provide only \$389 million a year in earnings by the end of the century, which is little more than half what the state government sends local school districts in basic education support now.

By the time the school districts start receiving any substantial

amount of money from the education endowment, it would be paying only about one-quarter of what's needed.

This is a curious proposal. Instead of paying state school support from oil revenues, as is now the case, it would be paid out of the permanent fund principal and our yearly dividend checks. Why would we want to do this?

If we want to pay hundreds of dollars a year more to support our schools, we have the authority now to have our local governments raise our taxes to do so. We don't need to give up our dividend checks, and there are even some federal income tax advantages to supporting schools with taxes rather than taking the money from our share of the permanent fund earnings.

Also, local tax support of school districts helps keep the school administration and faculty more attuned to the desires of the people paying the bills. The governor's plan might not provide any more money, but would just change it from a tax structure which the citizens control every year to an automatic tithe from our permanent fund dividends in which we have no voice.

Would this improve education? There's not a hint anywhere in the governor's proposal that the money would be spent any more effectively than it is now. The governor touts his program as a boon for education, but there's nothing in it but a change in the source of a portion of our state's education funds.

The governor's proposal is not an "endowment." It's an act of theft.

## Business failures down 6.6%—57,098 died in '88

**NEW YORK (AP)**—U.S. business failures declined 6.6 percent in 1988, the biggest drop in a decade, Dun & Bradstreet Corp. reported Thursday.

The business information company said \$7,098 businesses went under last year, compared with 61,111 in 1987.

"The significant decline in failures underscores the continued strength of the economy, now in its seventh year of expansion," said Joseph W. Duncan, chief economist for Dun & Bradstreet. "The nation's weakest regions are showing improvements, while those areas that led the expansion are holding their own."

The survey said failures were down in six of the nation's nine census regions, with only the Middle Atlantic states reporting a significant increase.

The decline in failures was especially notable in states with agriculture and oil-based economies,

according to the survey.

Among oil businesses, failures were down or flat in seven of the nine major sectors. Agriculture failures dropped 51.6 percent to 1,823 from 3,766, and failures in the mining sector, which includes oil and gas extraction, were down 21.2 percent to 494 from 627.

"The dramatic decrease in agricultural failures in 1988 is attributable to the surge in failures in early 1987, as farmers took advantage of the new Chapter 12 bankruptcy code," Duncan said.

The report also found that retail failures decreased 6.1 percent to 11,488 from 12,240, and services bankruptcies were down 4.7 percent to 22,646 from 23,802.

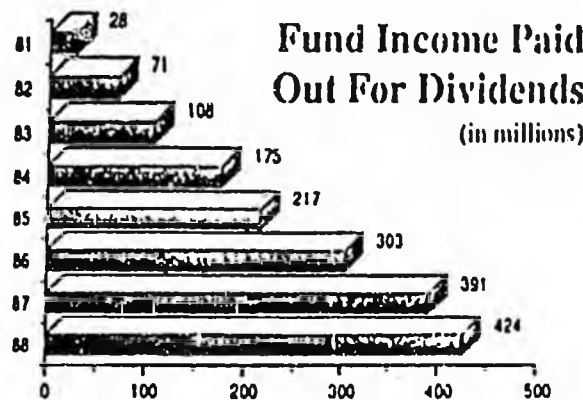
Manufacturing failures were down 1.6 percent to 4,204, while wholesale trade failures increased 2.7 percent to 4,455. Construction failures were essentially unchanged at 6,791.

# The Future of Our Fund

## The Dividend Program

Dividends are decided by a formula: (1) add together the Fund's net income for the last five years; (2) multiply that number by 21%; and (3) divide the resulting number by half.

*Under current law, dividends will take roughly half of all future earnings, and inflation-proofing will take the rest.*

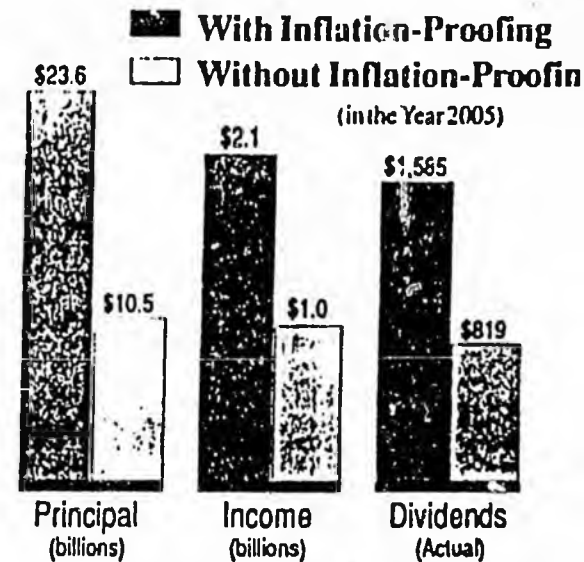


Under current law, dividends will take roughly half of all future earnings and inflation-proofing will take the rest. It's not expected that there will be any money left over for other uses. If the Permanent Fund is ever to produce an income for some other purpose, it will have to come from either dividends or inflation-proofing.

## Inflation-Proofing

*The Fund's future growth will depend most heavily on the contribution made by inflation-proofing...*

Inflation-proofing protects the real value of the Fund requiring an automatic reinvestment of income each year to offset the effect of inflation.



The amount to be used for inflation-proofing is determined by multiplying the Fund's June 30 principal balance by the average annual inflation rate. If there is to be future growth of the Fund's principal, it will depend most heavily on the contribution made by inflation-proofing, due to the future decline in revenues.

*How should we use it?  
What should it become?*

# NEWS RELEASE

STATE OF ALASKA

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GOVERNOR



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FOR IMMEDIATE RELEASE  
May 10, 1989  
No. 89-86

## COWPER PRAISES HOUSE PASSAGE OF EDUCATION AMENDMENT

JUNEAU--Gov. Steve Cowper today issued the following statement after Monday night's 30-8 House vote approving the Governor's education amendment proposal:

"The House's overwhelming vote reflects the increasing sentiment around the state that Alaskans want the best education possible for their children and a stable means to pay for it." Cowper said. "This amendment guarantees that our children won't be subject to the whims of oil sheiks or the politics of the legislature.

"Approval by the House is exactly what we wanted this year. Next year we'll pursue a Senate vote. Alaskans deserve to know everything they can about this proposal and I want a long and thorough public debate on it."

Under the proposed constitutional amendment, not less than 40 percent of the annual earnings of the Permanent Fund would be reinvested back into the fund in a special education account. Those deposits would continue for 10-15 years, with the money invested like the rest of the Permanent Fund.

-MORE-

The education account would continue to grow enough to fund the cost of the public education in Alaska each year. For example, by the year 2005, the account would be generating \$900 million to \$1 billion annually for elementary and secondary education.

The measure next must be approved by two-thirds of the state Senate and placed on the 1990 general election ballot.

Cowper said the amendment would give future Alaskans considerable flexibility well into the next century. Annual deposits could be extended by a vote of the legislature. The Permanent Fund earnings reserve account would remain intact and could be used in an emergency if the legislature approves.

Permanent Fund dividends also would continue to grow with the education fund in place, although their growth would be slightly less than without it.

Dozens of local school boards, municipal groups and other organizations have endorsed the proposal.

# M.E.H.S STUDENT PRESENTORS

Steve Hoogendorn

Little Diomedede

Nina Haynes

Anchorage

Mitch Chocknok

New Stuyahok

ALASKA

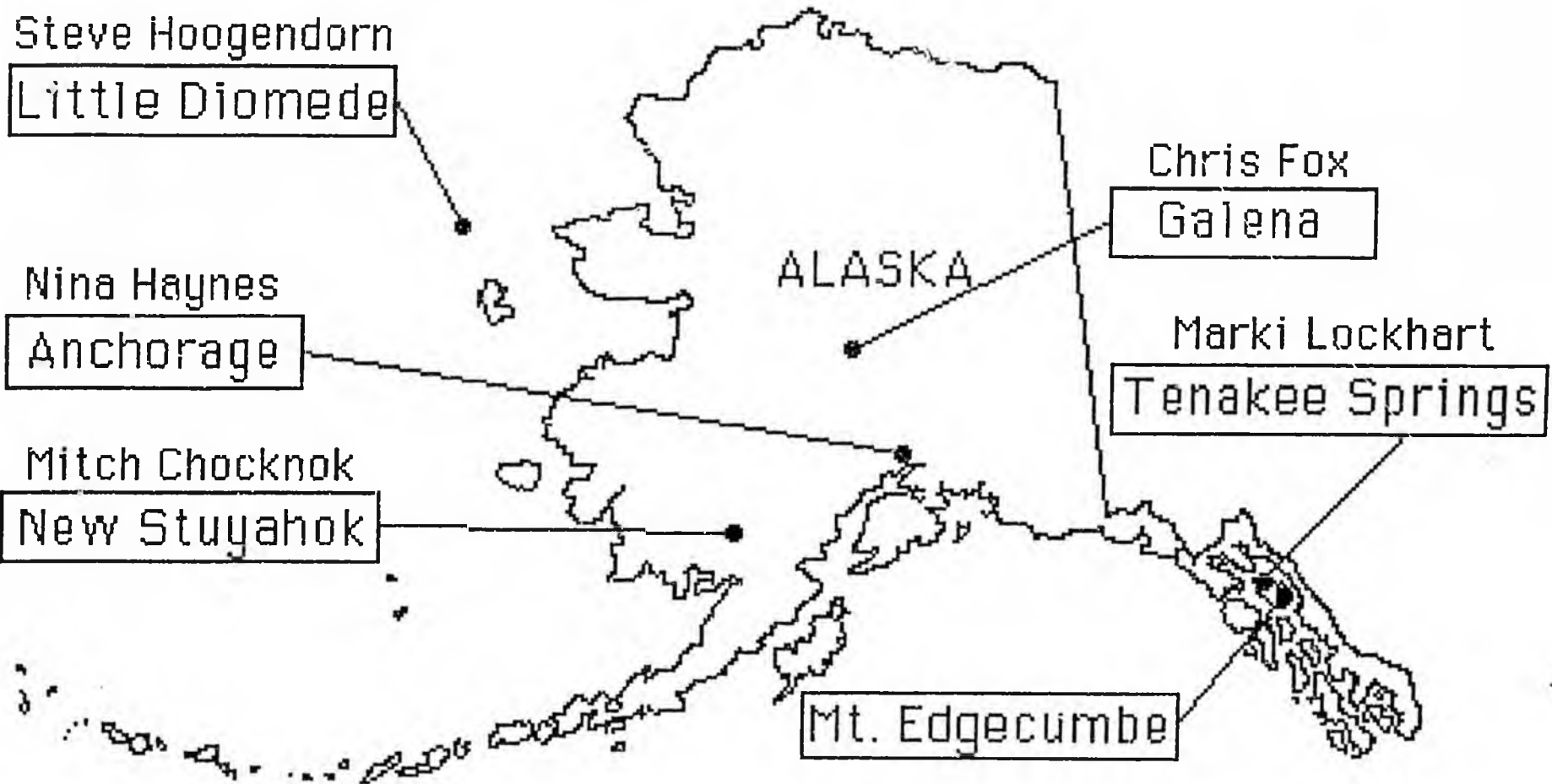
Chris Fox

Galena

Marki Lockhart

Tenakee Springs

Mt. Edgecumbe



# Mt. Edgecumbe H.S. Family Projections

Year

- 1990 1. Average Student Age At MEHS is 16.
- 1998 2. Average Age of Marriage for Student at MEHS is 24.
- 2000 3. First Child will be born two years after marriage.
- 2005 4. First child will enter kindergarten five years later.

# My Sacrifice

\$ .70 a day

X

365 days a year

X

15 years

---

= \$3,882.50 given up

# My Investment

2 kids

X

13 years of school

X

\$8,800 per year

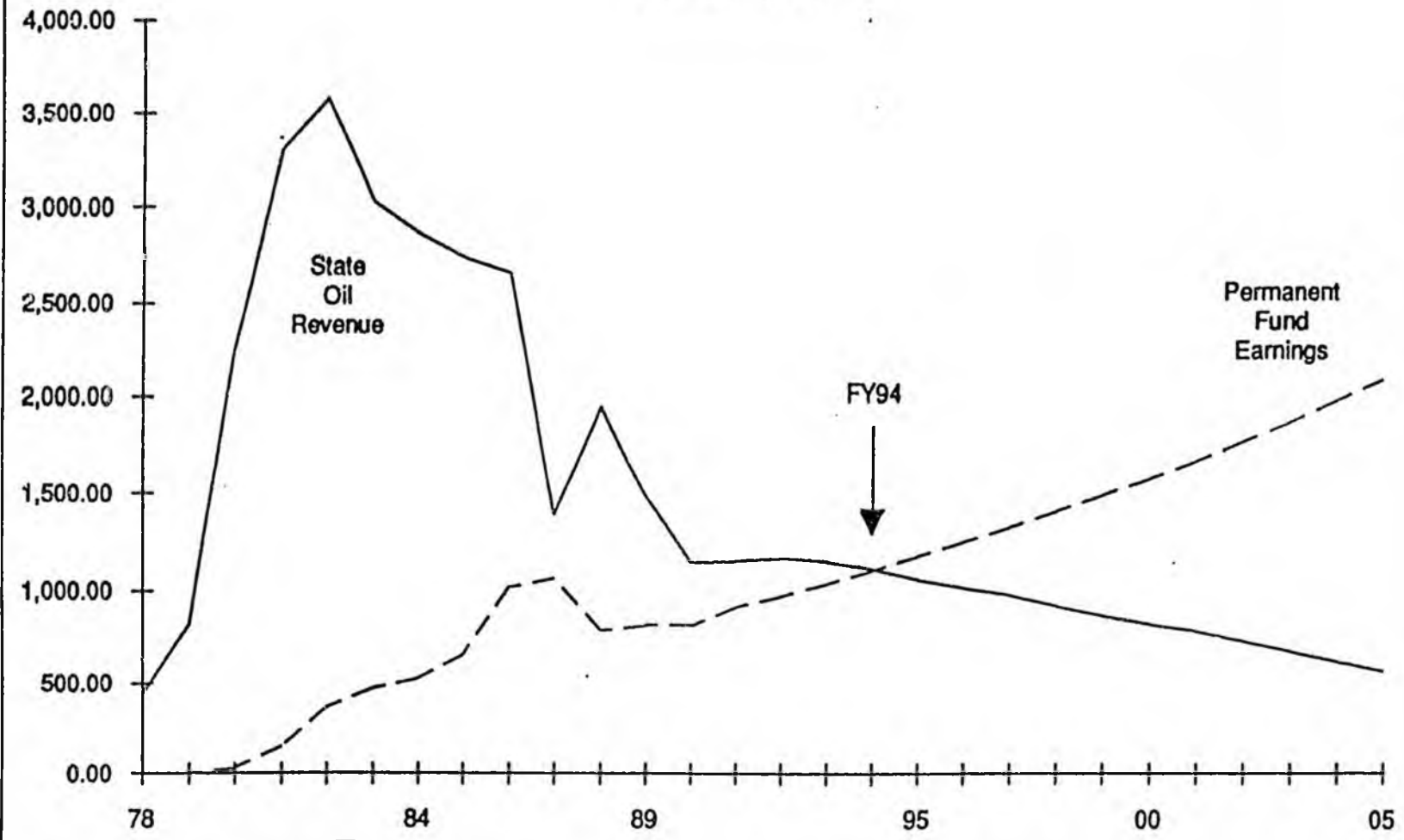
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= \$228,800 for K-12  
Education for my kids

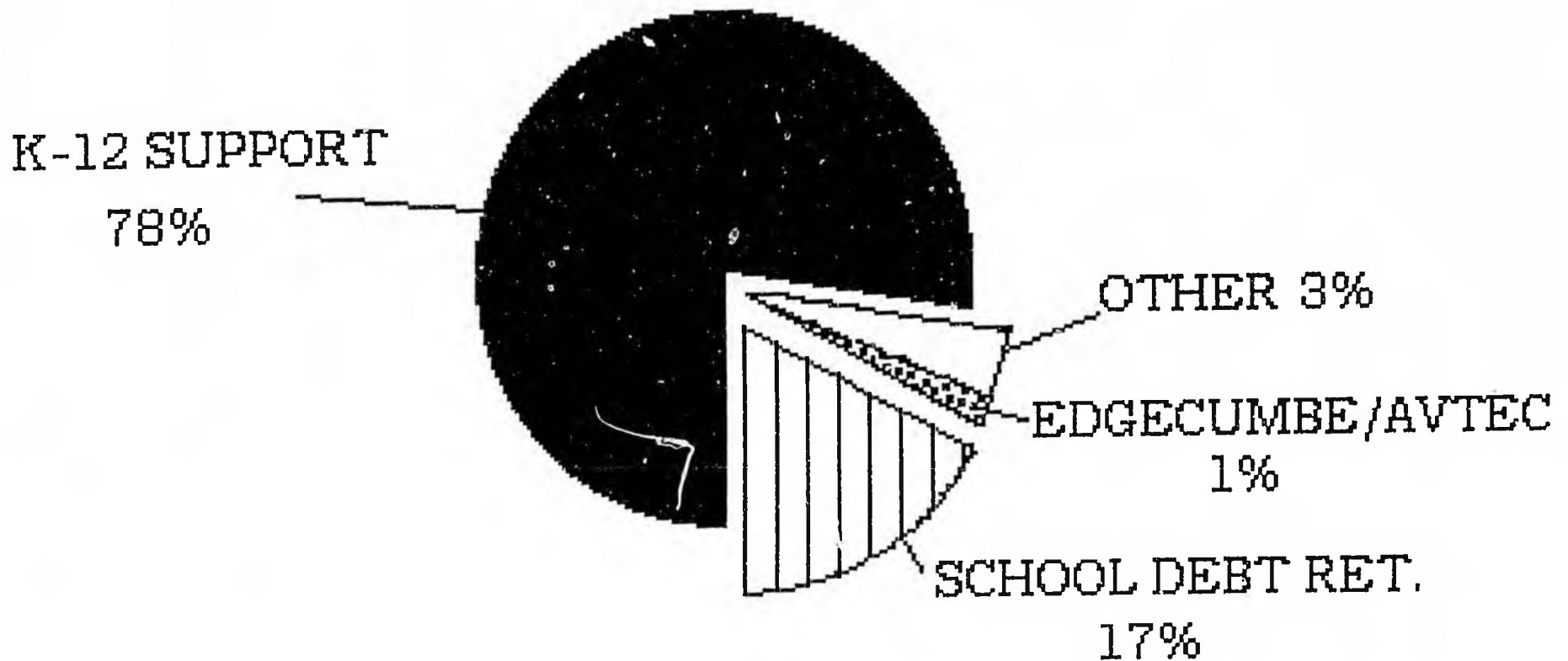
**TOTAL STATE OIL REVENUES VERSUS  
PERMANENT FUND EARNINGS  
FY 1978 - FY 2005**

*(Actual and Projected)*

*\$Millions*



DEPARTMENT OF EDUCATION  
FY 1990 GENERAL FUND BUDGET



# THE EDUCATION FUND

**A**s oil money begins to run out, there is no firm funding base to meet a major constitutional responsibility - The education of Alaska's youth.

The ups and downs of oil prices which created such uncertainty over the past several years will continue in the future. But the most important variable in the revenue formula for the 1990's is not price but production. Production will be two-thirds of what it is today by 1995 and will drop to about one-third by the year 2000. To match today's oil revenues at the year 2000's rate of production, oil would have to sell for \$42 a barrel—an unrealistic assumption.

Public education is the largest single component of the state's operating budget, requiring about a quarter of every dollar spent. The FY91 base request for public school funding—the level which holds appropriations at this year's level—is over \$600 million. Another \$35 million is

needed to serve additional students. By 2000, inflation and increases in the number of students will swell education funding needs to over \$900 million. Revenue projections for that year using the same inflation assumptions, and with no new revenue sources, yield only \$1.6 billion in unrestricted General Fund revenues. Without a stable, alternative funding source for education, the future choices will be simple but devastating: either cut education expenditures drastically or eliminate most other government programs and services.

Cuts in the education budget of the magnitude required would gut our educational system. If education's share of the total revenue pie is held constant, state support for public schools in the year 2000 would be little more than \$400 million—less than half the amount needed and less even

than the amount authorized for education in FY83. Local taxes, even at exorbitant rates, could not make up the difference between state support and school funding needs. The resulting decline in the quality of education programs would not only penalize generations of children but would cut deeply into Alaska's ability to compete economically with other states and nations.

If education is funded at the expense of other services, many

*"All Alaskans—including our children—will share in building the Education Fund. While Permanent Fund dividend checks will continue to grow to nearly \$1,000 by the year 2000..."*

programs will suffer massive cuts or disappear—programs which currently assist senior citizens, the handicapped, businesses, minority Alaskans, and communities.

No single action can protect us from the harsh realities of declining future revenues, but we can soften the impact by creating

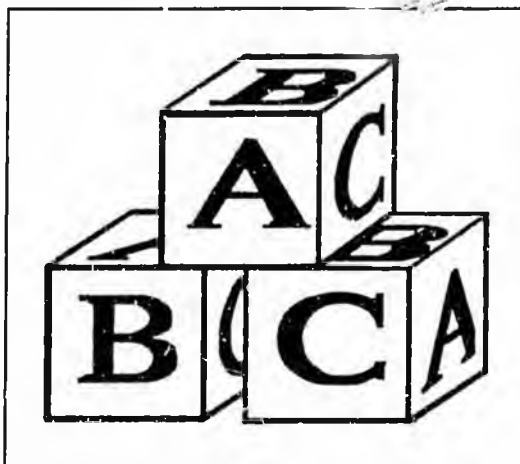
an Education Fund within the Permanent Fund. Re-investing 40 percent of the annual Permanent Fund earnings back into the Permanent Fund principal for 15 years would provide reliable funding for Alaska's number one responsibility: educating our children.

The Education Fund's earnings will help replace lost oil revenues in the future. Eventually, the Education Fund will generate enough revenue to put our schools on a stable, ongoing funding basis despite falling production at Prudhoe Bay. And, it will allow the state to direct its dwindling unrestricted General Fund revenues to other essential services.

All Alaskans—including our children—will share in building the Education Fund. While Permanent Fund dividend checks will continue to grow to nearly \$1000 by the year 2000, growth will be slightly less than without the Education Fund. Such a broad based contribution makes good sense. Quality education benefits everyone. Well educated citizens not only achieve personal success; they also power a sophisticated economy, reduce social service costs and contribute significantly to pension and as-

sistance programs for other Alaskans. No other revenue source so evenly equates costs and benefits.

The proposed constitutional amendment creating the Educa-



*"For the Fund to be established, the resolution must*

*be adopted by the ... Alaska's voters on the November 1990 general election ballot."*

tion Fund has been approved by the House of Representatives. For the Fund to be established, the resolution must be adopted by the state Senate and then by Alaska's voters on the November 1990 general election ballot.

As the Prudhoe Bay revenues begin to decline, Alaska has an obligation to share the bounty with the Alaskans of tomorrow. The Education Fund could guarantee to future generations something much more useful than cash. It could guarantee a society's full support for the development of thoughtful, creative minds that are ready to meet challenges undreamed of today.

*Long. Beers  
Pioneer Home*

Original sponsor: Rules/Governor

*Vote -*

*Pub Employees*

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE JOINT RESOLUTION NO. 13 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Proposing amendments to the Constitution

6

of the State of Alaska creating a perma-

7

nent endowment for education.

8

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

\* Section 1. Article IX, sec. 7, Constitution of the State of Alaska,

10

is amended to read:

11

SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or

12

license shall not be dedicated to any special purpose, except as pro-

13

vided in Sections 15, 17, and 18 [SECTION 15] of this article or when

14

required by the federal government for state participation in federal

15

programs. This provision shall not prohibit the continuance of any

16

dedication for special purposes existing upon the date of ratification

17

of this section by the people of Alaska.

18

\* Sec. 2. Article IX, Constitution of the State of Alaska, is amended

19

by adding new sections to read:

20

SECTION 17. EDUCATION ENDOWMENT. There is established an educa-

21

tion endowment to finance public education. The education endowment

22

is part of the principal of the Alaska permanent fund. The education

23

endowment shall be placed in a separate account within the principal

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of the permanent fund, and shall be invested as required by law for

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permanent fund investments. Income from the education endowment may

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only be appropriated to fund public elementary and secondary education

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in Alaska. Income that is not appropriated shall be placed annually

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in the principal of the education endowment.

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SECTION 18. EDUCATION ENDOWMENT FUNDING. After January 1, 1991,

1 at least forty percent of the income of the permanent fund, not in-  
2 cluding the income of the education endowment, shall be placed annual-  
3 ly in the education endowment. The revenue allocated to the permanent  
4 fund under Section 15 of this article ~~from~~ settlement or final adju-  
5 dication of the Dinkum Sands case (United States v. Alaska) and the  
6 North Slope Royalty Oil case (State v. Amerada Hess, et al.) shall be  
7 placed in the education endowment under Section 17 of this article.

*Delete.  
Doc  
Thompson*

8 SECTION 19. REPEAL. Section 18 of this article is repealed  
9 July 1, 2005, unless the legislature, by the affirmative vote of a  
10 majority of the membership assembled in joint session, extends Section  
11 18 for a period not beyond June 30, 2010.

12 \* Sec. 3. The amendments proposed by this resolution shall be placed  
13 before the voters at the next general election in conformity with art.  
14 XIII, sec. 1, Constitution of the State of Alaska, and the election laws of  
15 the state.

*Majority of each body*

46

### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Education Endowment - House  
Joint Resolution  
Sponsor: Rules Committee  
Requestor: Governor Steve Cowper

Agency Affected: Alaska Permanent Fund Corp.  
BRU: \_\_\_\_\_  
Components: Alaska Permanent Fund Corp.

**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						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Expenses for managing the education endowment will be minimal and will be covered in the normal accounting for Permanent Fund principal.

Prepared by: David A. Rose, Executive Director Phone: (907) 465-2047  
Division: Alaska Permanent Fund Corporation Date: January 6, 1989

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

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

## FISCAL NOTE FOR EDUCATION ENDOWMENT

The attached fiscal note dated January 6, 1989 was prepared by the Executive Director of the Alaska Permanent Fund Corporation.

The investments of the endowment will incur costs. These costs would normally be appropriated from the earnings of the endowment itself.

If this is done, no costs would be paid by the general fund or by the Alaska Permanent Fund.



go0199hP  
Ford  
3/28/90

Original sponsor(s): Rules/Governor

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 13 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska creating a perma-  
7 nent endowment for education.

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

9 \* Section 1. Article IX, sec. 7, Constitution of the State of Alaska,  
10 is amended to read:

11 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or  
12 license shall not be dedicated to any special purpose, except as pro-  
13 vided in Sections 15, 17, and 18 [SECTION 15] of this article or when  
14 required by the federal government for state participation in federal  
15 programs. This provision shall not prohibit the continuance of any  
16 dedication for special purposes existing upon the date of ratification  
17 of this section by the people of Alaska.

18 \* Sec. 2. Article IX, Constitution of the State of Alaska, is amended  
19 by adding new sections to read:

20 SECTION 17. EDUCATION ENDOWMENT. There is established an educa-  
21 tion endowment to finance public education. The education endowment  
22 is part of the principal of the Alaska permanent fund. The education  
23 endowment shall be placed in a separate account within the principal  
24 of the permanent fund, and shall be invested as required by law for  
25 permanent fund investments. Income from the education endowment may  
26 only be appropriated to fund public education in Alaska in grades  
27 K - 12. Income that is not appropriated shall be placed annually in  
28 the principal of the education endowment.

29 SECTION 18. EDUCATION ENDOWMENT FUNDING. After January 1, 1991,

1 the legislature may appropriate money into the education endowment  
2 created under Section 17 of this article, and gifts, bequests, and  
3 contributions of cash or other assets from a person may be placed in  
4 the education endowment created under Section 17 of this article.

5 \* Sec. 3. The amendments proposed by this resolution shall be placed  
6 before the voters at the next general election in conformity with art.  
7 XIII, sec. 1, Constitution of the State of Alaska, and the election laws of  
8 the state.  
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Open Forum

# Education Endowment: Why we need it

By Governor Steve Cowper

Ever since the oil began flowing from the North Slope, Alaskans in public life have alternately ruminated, fulminated or pontificated on the need for us to "do something" about the day in the distant future that oilfield revenues dropped off.

Of course, Alaskans themselves "did something" in 1976 when the voters approved creation of the Alaska Permanent Fund. In the decade since, we've had plenty of time to pat ourselves on the back for our collective foresight. It was a bold and remarkably prudent move.

After we got smart, we got lucky: Soaring interest rates and low levels of inflation, combined with high oil prices that created record revenues, helped the Permanent Fund grow more quickly than anyone ever imagined. Funds at more than \$10 billion. It through nearly \$1 billion in earnings ever paid Alaskans \$430 million in dividends this year, and earned enough to keep ahead of inflation. In the meantime, it's generated about \$600 million in unspent earnings. Not bad, all the way around.

Set this aside, the Permanent Fund was the best, last and only answer to the following question: What do we do when oil revenues fall to a third or a half of what they are today. We advanced an idea that will provide the first part -- a major part -- of the answer: An education fund, built with earnings from the Permanent Fund, that will provide a continuous source of support for Alaska's public schools. This proposal has been developed with a variety of arguments in mind: political and fiscal reality, economic development, constitutional responsibility, and moral responsibility to succeeding generations of Alaskans.

*"IF OUR SCHOOLS ARE GEARED TO PRODUCING YOUNG PEOPLE WHOSE SKILLS CONSIST OF AN ABILITY TO BANG NAILS OR FLIP HAMBURGERS, WE'RE NOT PREPARING ALASKA FOR THE FUTURE."*



Perhaps many in 1976 saw the Permanent Fund as the primary answer on how to finance future costs of state services. Circumstances surrounding the question have changed, which makes the answer in 1990 more complex and politically difficult to reach.

Here are some of the major changes, as I see them:

- Since 1976, Alaskans have built an ambitious system of public services and benefits. For the purposes of this article, I'm not going to single them out; in government, wisdom to one is waste to another.

- As public investments and programs have grown, the political formula required to radically reduce services or alter the system has defied conventional political chemistry.

- The Permanent Fund Dividend -- by both its very existence and its current size of \$873 per Alaskan in 1989 -- has changed the popular vision of the Permanent Fund. It has gone from a simple stroke of fiscal prudence to an article of populist and political veneration: big, benevolent, holy and inscrutable.

- Prudhoe Bay production has started to drop and we haven't made much progress towards solving the riddle of how to provide \$2 billion in services with \$1 billion in revenues.

Politicians have advanced several theories about how this impending gap can be filled. There are those who think government and its services should be cut in half; I find that neither rational nor plausible. Some people say that new industry development is really what we need. While we do, in fact, need new business development, there are no businesses that can raise the kind of revenue we currently get from oil development. Other people, including me, think that Alaskans should return to a system in which citizens contribute to the cost of government services, which is a fancy way of saying that Alaskans should pay an income tax.

Pro Endowment: Gov. Cowper  
Con Endowment: Rep. Reiger  
(See Inside)

All those proposals have some merit, but none stands alone as a realistic solution. In the next ten years, it's likely that Alaskans will develop a system that includes some taxes, some cuts, some new business development -- and probably, some use of the Permanent Fund earnings.

The public and the politicians carefully have tracked the world price of our valuable commodity -- crude oil -- but price is no longer the best guide to future revenues. The most important variable in the 1990s is not price, but production. By 1995, production will be two-thirds of what it is today; by the year 2000 one-third. To match today's oil revenues at 2000's rate of production, oil would have to sell for \$42 a barrel. Our best estimates of revenue are based on more realistic prices for oil -- certainly less than \$42 -- and the well-known bends in what has been always called the Prudhoe Bay curve.

It's logical for us, then, to consider our likely major sources of income. The Permanent Fund is one. Those of us who were involved in the political and policy debates

about creating the Permanent Fund assumed that the fund would in some way, some day, offset the loss in oil revenue due to Prudhoe Bay production declines. Using some of the earnings is the most logical alternative for making the fund work for us, in terms of funding services and benefits.

Under the current law, the earnings of the fund can be spent right now. Of course, under the current political conditions, the funds are not on the table.

There is an unwritten but generally accepted notion that a "vote of the people" is needed before we start spending Fund earnings. This idea is, on one level, an expression of the sense of ownership Alaskans have about the Permanent Fund. The Fund belongs to everyone, and everyone wants a chance to say "yea" or "nay" about its future. On another, baser level, it's the expression of a pure political survival instinct: Spending Permanent Fund earnings is an issue politicians are afraid of. They only speak about it in hermetically sealed rooms.

Since there is going to be a lag -- perhaps a long lag -- between proposal and popular vote, any proposal to spend earn-

ings must be based on a long-term plan. We can't decide to use earnings in March and expect to gain the necessary public approval by the time the Legislature adjourns in May.

Since a popular vote is subject to all the vagaries of electioneering rhetoric, there must be some compelling reason to use the earnings -- compelling, that is, in the voters' eyes. Given the current popular view of the Permanent Fund, I don't think voters would approve a general, undesignated use of Fund earnings. This means the proposal to spend earnings must have a specific focus, a purpose Alaskans can understand and support.

We chose education for fairly simple reasons, the most fundamental is contained in the Alaska Constitution. The framers of our constitution clearly stated that every Alaskan had a right to a basic, public education. There are other mandates in the Constitution (such as the obligation to manage state-owned natural resources), but none touches every Alaskan so directly.

*Please turn to page 28*

## Why the endowment is a bad idea

By Representative Steve Rieger



Education has long been a top priority of our state government. However, the Governor's proposal (HJR 13) to amend our constitution to create an Education Endowment would not serve

the state, nor education, well.

The constitutional amendment would take 40% of the Permanent Fund's annual earnings, invest them in a separate account

### Opposing Viewpoint

under the management of the Permanent Fund Corporation, and dedicate to education the earnings of this separate fund. (The Endowment would also receive certain one-time proceeds from litigation.) The amendment would take effect in 1991 and last from 14.5 to 19.5 years.

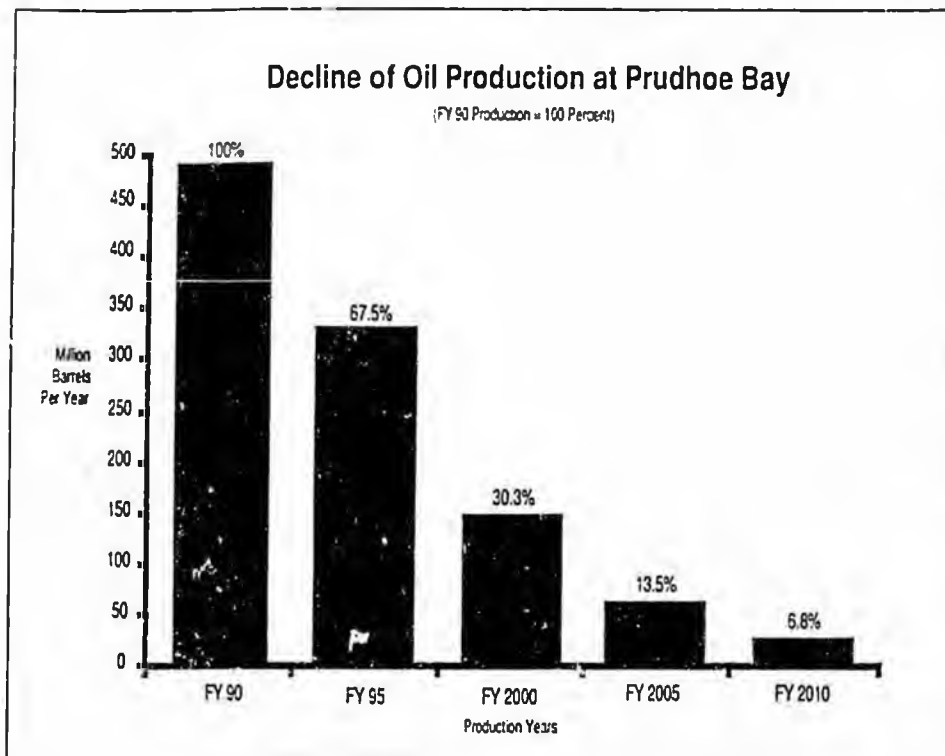
The proposal raises a number of issues which are at the heart of our state's money problems. These include the effect of dedicated funds, the overall level of state spend-

ing, the link between higher funding and performance, and the use of the Alaska Permanent Fund. I will provide a number of arguments against the proposed endowment. As some of these are matters of opinion, people may differ on them, but any one of these arguments alone should be sufficient to justify not amending our constitution as proposed.

The Education Endowment removes our highest budget priority from scrutiny. There is a real value in the budget process as it is a chief form of accountability of administrators to elected officials (who in turn are accountable to the public through election).

I have observed that in our annual budget deliberations in Juneau, the goal of balancing the budget cen-

# Education is largest part of the state budget



*Continued from previous page*

Public education is (and has been) the largest single component in the state's operating budget, requiring about a quarter of every dollar. This year, that comes to a lot of quarters -- about \$600 million. It makes sense, from a fiscal standpoint, to focus a plan on the biggest expenditures. If we're guaranteeing future funding of the

single largest component in the budget, we've gone a long way towards answering the riddle of paying for services and benefits when we have less oilfield revenue.

Considering the "widespread sense of ownership" of the Permanent Fund, any plan to spend the earnings must appeal to most, if not all the "stockholders" in the Fund. Public education is the most obvious,

since the benefits of a good educational system touch every aspect of life in Alaska. It makes sense to focus the plan on the government obligation and service that directly touches the most Alaskans.

**F**rom the mid-1970s and through the middle of this decade, Alaska experienced what was probably the largest sustained construction boom the world has seen in one place since the Cold War. There was, of course, the \$8-\$10 billion in pipeline and associated construction. Since the pipeline was completed in 1977, Alaska has financed another \$5.1 billion in public construction. On top of all that, construction at Prudhoe Bay produced another several billion dollars of activity. I haven't even mentioned military construction and the myriad malls, office buildings and subdivisions that burgeoned all over Alaska in the early 1980s.

Then, construction accounted for 17% of Alaska employment -- more than double the national average at that time. A student could drift through high school with poor grades and still wind up to find a nine-month-a-year job that required little more than a strong back, and paid \$50,000 annually. That strategy (such as it was) won't work anymore -- not in Alaska, and not in the rest of America.

## Endowment reduces accountability of educators

*Continued from previous page*

ters almost exclusively on "general fund" dollars. This is what we mean when we say we appropriated, for example, a \$2.3 billion dollar budget, even though the total size of the budget is larger. State-dedicated funds, program receipts from dedicated-user fees, federal funds dedicated to a particular purpose, and various trust funds that are not part of the general fund, are excluded from the spending targets or "caps", and pass through with much less scrutiny. If anything, we need *more* debate in the budget process, not less. Placing education funding into the dedicated fund category will tend to reduce budget oversight to an unhealthy level.

As long as public support is there, the funding will be there. Budgeting in the

legislature is an advocacy process in which cases are made for various priorities and the highest are funded. While the system is far from perfect, I do not believe the Alaskan public will cut off funding for education in the coming tighter money years. Alaska is far from broke. With over \$2 billion in annual revenue, I see no reason why we cannot find the approximately \$500 million which goes into state support of education. It is unnecessary to take the major step of amending the constitution in order to ensure funding for education.

Instead, hard questions need to be asked about the entire \$2-plus billion per year, and why it's so much more than per-capita state spending in other states. If we accept the premise that spending for education is closely related to public support of educa-

tion, we have to ask ourselves where the incremental money released by the Education Endowment will go. To answer that, I refer to the experience of our state spending through most of the 1980s: All money on the table gets spent, leading to my third point.

The incremental effect of providing new money for education will be to release money for programs elsewhere in state government. Providing money for education through the Educational Endowment will relieve pressure on the state's general fund. Under the advocacy process mentioned above, this means that more projects or activities can be funded before the money runs out. We do not -- at least at present -- have the leadership, legislative collective willpower, or any other mecha-

The changing nature of the American workplace requires students to come into the workforce with strong writing and analytical skills, and technical literacy, particularly in mathematics and science. These rapid changes, especially the sharp drop in low-wage construction work, require the sharp skills developed through education.

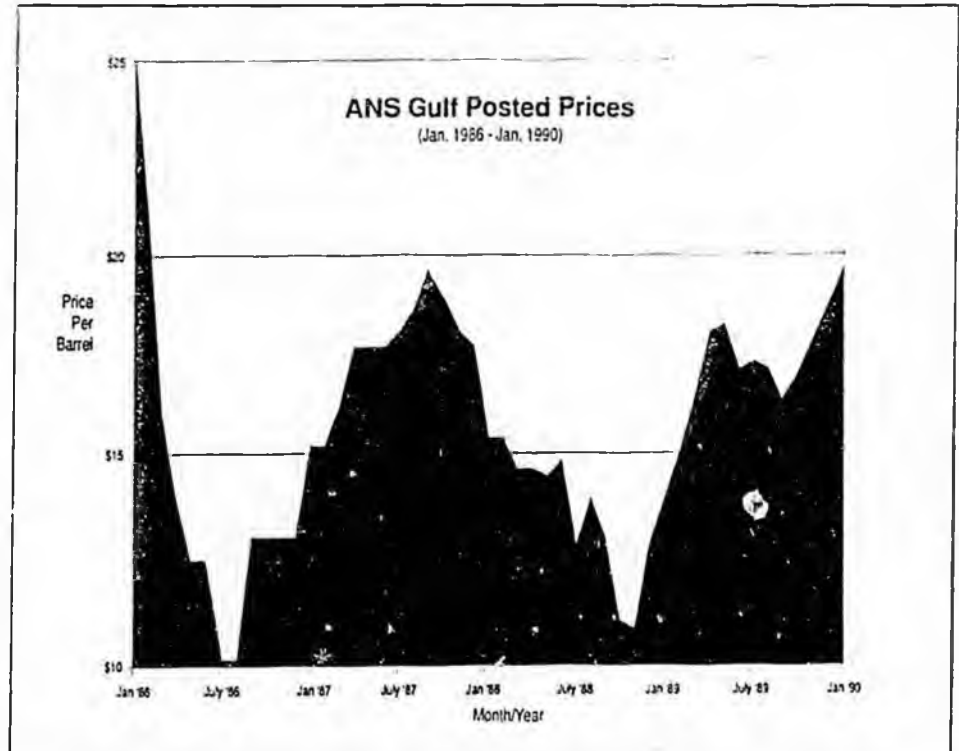
In the states, Alaska's employment is dependent on jobs connected to international trade. This is partly because our businesses target overseas markets, and because many of our jobs are in fisheries. However, if you think fish plants in Dutch Harbor and Kodiak are strictly low-tech operations, you have never been to a processing plant. Fish processing operations are now run by sophisticated computer technology, requiring a solid knowledge of statistics and mathematics. The same is true of mining and other resource-based industries.

In a broader sense, if our schools are focused on producing young people whose only skills consist of an ability to bang nails or flip burgers, we're not preparing Alaska for the future. It's not enough to prepare students for specific industries. It's more important to prepare them to think critically, to analyze and use numbers, to read quickly and carefully, to grasp changes and respond to them creatively. Those skills come only from a good public school system, which can be good only if its source of funding is dependable and stable.

Some people won't like this proposal simply because they oppose any use of Permanent Fund earnings, other than paying dividends. That's a fundamental view some people hold, but I don't think it's widely held. Others have raised questions for which I think we have good answers.

money available for the Legislature to spend on all the other programs.

The answer is simple: There isn't any "bigger pot." Regardless of the existence of the Education Fund, general fund revenues (remember, we're talking primarily about Prudhoe Bay oilfields) will probably drop



The "off-budget" question. I've been asked if the education fund proposal, by reaching outside the general fund for operating revenue, simply makes a bigger pot of

by half in 10 years. That will put intense pressure on funding for all programs, including education. By setting up the Education Fund, we take most of the pressure off

to leave money on the table at the end of each appropriation cycle. All general fund money freed up, which would have gone into education, will instead go into some other form of spending.

In the context of its net effect, the Education Endowment proposal is mislabeled. Instead, there are some other, lower-priority functions of government which would benefit from the endowment. Put differently: If general funds are not used for education, for what should they be used?

The proposal is damaging to the principal of the Alaska Permanent Fund. Let us say that none of the above arguments has persuaded you that the constitutional amendment is unjustified. I would then propose that if there were to be a dedicated fund from new revenues, that it should be from some portion of the *real earnings*, or those annual earnings in excess of inflation,

rather than the total "nominal" earnings of the Fund.

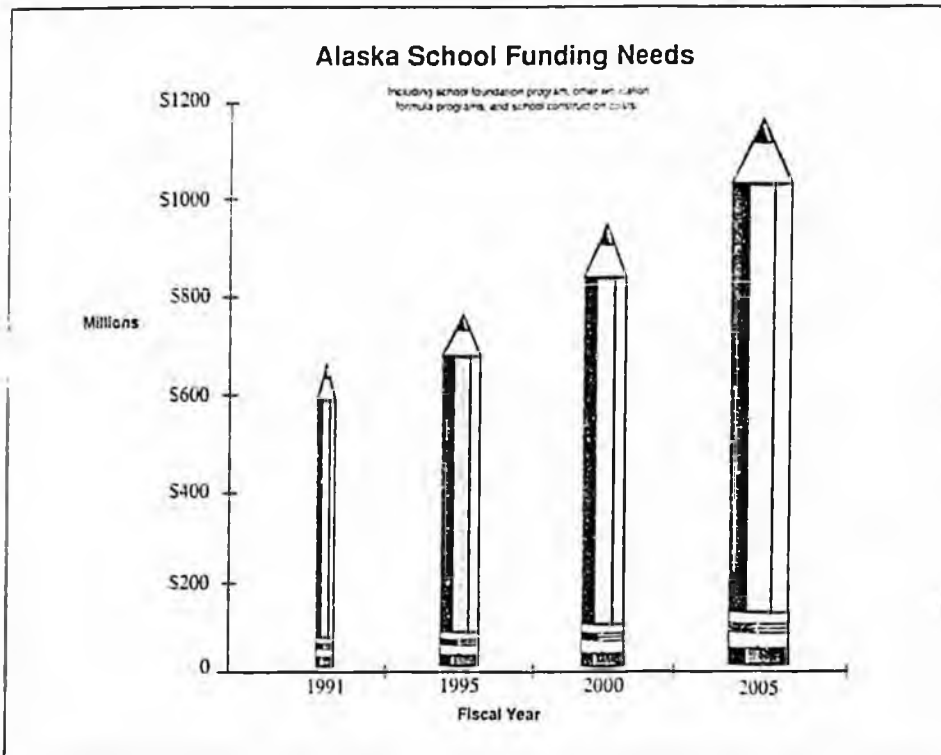
Our state has gone to great lengths since the inception of the Permanent Fund to protect the value of the principal. We have set up a Board of Trustees and have mandated that its investments be in accordance with well established, prudent investment principles. We have legislatively provided a conservative investment list and have provided for annual inflation-proofing to be paid for out of a portion of annual earnings. The result of these actions is that the Permanent Fund is reasonably well insulated from loss -- either a capital loss on investments or a loss of purchasing power due to inflation.

The endowment proposal jeopardizes this, because it jeopardizes inflation-proofing. In terms of purchasing power, there is no difference between spending \$100 of

annual earnings, which represents compensation for inflation, and spending \$100 of the principal itself. If we are to continue to maintain the purchasing (and earning) power of the Fund, it is essential that only earnings in excess of inflation -- or "real earnings" -- be used, and the inflation component of earnings be retained in the Fund.

The proposed Education Endowment ignores the concept of real earnings. It proposes using a fraction of nominal, or total earnings, rather than a fraction of real earnings. It would result in annual calls on Permanent Fund earnings in excess of actual earnings. Dividends average close to 50% of nominal earnings (there is a lag because of five-year averaging), the Endowment would take another 40%, and inflation-proofing will require approximately another 50%. The total exceeds

# Endowment takes pressure off state budget



Continued from previous page  
the public schools and some of the pressure off everything else, from troopers to fisheries management. The Education Fund is only part of the answer, but it's an important part.

**The dividend question.** If the Permanent Fund remained nothing more than a printing press for annual checks, by 2005

the dividend would be well over \$1,000, perhaps as high as \$1,500.

With the Education Fund in place, dividends will continue to grow, but not as quickly; by 2005, individual dividends would probably range from \$900 to \$1,000. Meanwhile, the Education Fund would be generating about \$700 million. Bear in mind, those are funds raised from a trust fund, not

from income tax, local property or sales taxes, or increased corporate taxes.

In exchange for a future consideration (larger growth in the dividend) the public schools get secure funding and the public is insulated from some pressure to raise revenues through taxation. And you still get a substantial dividend. You never get something for nothing, but this is a pretty good trade-off, by my accounting.

**Inflation-proofing.** Permanent Fund earnings currently serve only two purposes: After the dividends have been paid, part of the leftover earnings goes back into the Fund to protect the principal from inflation.

There is a problem emerging with this set-up: As the Fund grows larger, more of the earnings are required to "inflation-proof" the principal. But as earnings rise, so do dividends, leaving less money for "inflation-proofing." The inflation-proofing problem is tied directly to the dividend program. With or without the Education Fund, as dividends grow, it becomes increasingly difficult to adequately protect the Permanent Fund's principal from inflation.

The Education Fund deposits would help solve the inflation-proofing dilemma for the first six or seven years, but exacerbate the problem after that. So again, there is something of a trade-off.

## Money not answer to school system improvement

Continued from previous page  
100%. If there are not enough funds to go around, the loser will be inflation-proofing, and the real value of the Fund will decline over time.

This decline could be dramatic. For example, in an extreme case where there is no inflation-proofing, even 5% annual inflation would erode over 60% of the Fund's value in 20 years. If the Fund is only partially protected against inflation, such as reinvesting only 2% each year for inflation-proofing in the same 5% inflation environment, it would lose 44% of its real value in 20 years. Partial inflation-proofing, rather than none at all, is more likely under the Endowment proposal. (Note: The loss in aggregate purchasing power of the Permanent Fund might be less because of addi-

tional future royalty contributions to the Fund, but also could be greater if inflation were higher.)

Alaskans may in the future wish to use Fund earnings for purposes other than, or in addition to, dividends. That debate is separate from the issue at hand. My point is that any uses of Fund earnings are not sustainable unless they are based upon real earnings rather than nominal earnings. A loss in real value for the Fund will mean a loss in the real value of annual earnings, and less will be available for dividends or any other use.

**O**ne additional point: In the debate over the effect of the Endowment on inflation-proofing, there has been some con-

fusion because the dedicated slice of Permanent Fund earnings makes one extra loop before paying out. First, the slice of earnings is reinvested, then the earnings off the reinvested funds are paid out without regard for inflation. If the latter pay-out were to be inflation-proofed, a simpler way would have been to dedicate a portion of real earnings in the first place.

**Is more money the answer?** What if we assume that the purpose of the Endowment is not to protect existing funding, but to provide *more* money for education? In our system, a quality education demands money. However, I am not convinced that additional money is the primary answer to improvement in our school system. In 1987 our state's expenditure per pupil in average daily attendance in public elementary and

However, dividend recipients will be making a trade-off regardless of the existence of the Education Fund. As your check gets bigger, the generator of the check becomes more vulnerable to inflation. It's as simple as that. So, those concerned about inflation-proofing must look to the dividend program before pointing the finger at something else.

**The question of dedicated funds.** The framers of the Alaska Constitution, acting on the most recent scholarship about state constitutions, prohibited the creation of dedicated funds. The voters amended the Constitution in 1976 to allow one dedicated fund -- the Permanent Fund. And in statute, the Alaska Legislature dedicates (by annual appropriation, although not by constitutional mandate) a specific portion of the earnings to a single program -- the dividend. Clearly, there are reasonable and prudent exceptions to the generally wise rule concerning dedicated funds.

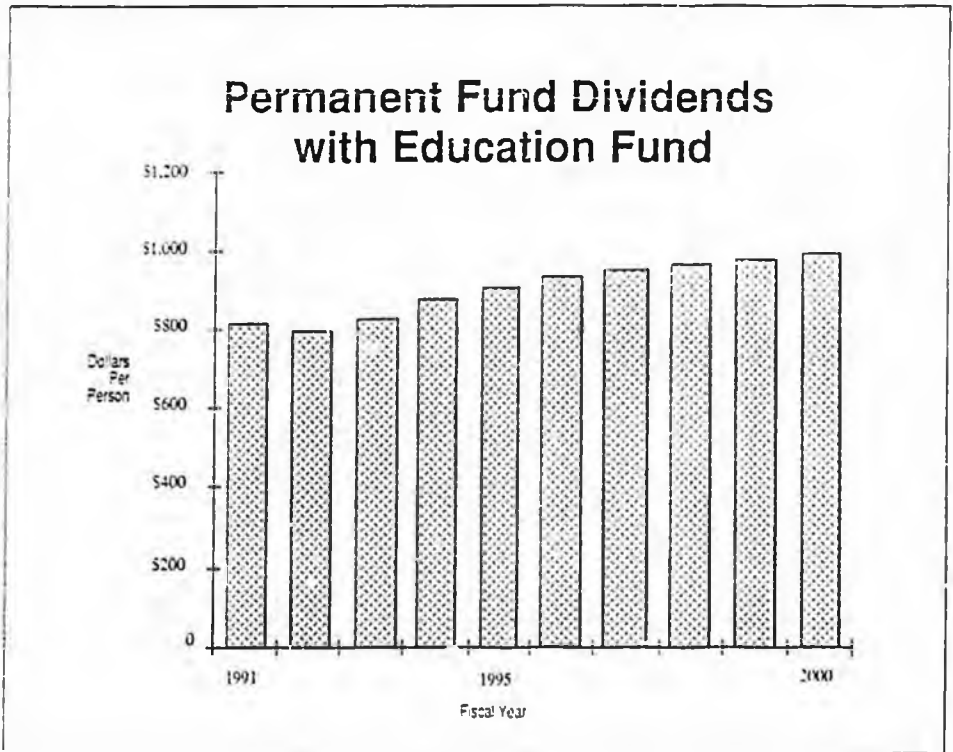
**Other questions.** The constitutional amendment creating the Education Fund states that the fund will support elementary and secondary public education. When writing a constitutional amendment, one must keep it simple and leave future legislatures the options they need to meet as-yet-unknown needs.

The amendment does not dictate how money is allocated among districts; it does not dictate which specific programs are included; it cannot ensure quality of educa-

tion. Those are matters for future lawmakers, local school boards, school administrators, teachers, parents and children. That's as it should be.

I usually leave this argument for last. For one thing, I think Alaskans are practical and demand some kind of practical analysis

All of us -- and I'm writing here about individual citizens, not politicians and public figures -- have a responsibility to make the world better for the generations to come. With the creation of the Education Fund, we would be fulfilling at least part of that obligation we have to the Alaskans who



before the moralizing can begin. I also believe it's the best and most persuasive argument.

follow. Why should we -- this single generation -- be the only ones to realize the most significant benefits of North Slope oil development? Can we simply be thankful we were here when oil sold for \$32 a barrel, when Prudhoe Bay was at its peak, when a one-time windfall made life good for us? Can we tell future generations they just happened to have been born too late?

**W**e have an obligation to share the bounty and the benefits of Prudhoe Bay with Alaskans who don't even yet exist. We must provide to future generations more than the promise of an annual blue-and-gold check. The Education Fund could guarantee something much more useful than cash -- a society's full support for the development of thoughtful and creative minds that are ready to meet challenges you and I don't even know about.

--APAJ

secondary schools was \$8,010, while the national average was \$3,977. (Source: U.S. Department of Education, National Center For Education Studies, *Statistics of State School Systems*; and Common Core of Data Survey, special tabulations.) However, our state's average SAT or ACT scores have not shown a correlation with this high spending. Our state sometimes averages higher test scores than the national average, and sometimes lower. In contrast, we consistently spend more than the national average, so it's fair to wonder if the answer is more money. Still, if we find that we need more money, and improved performance justifies it, I believe the money will be forthcoming.

Nationally, there is growing interest in quality education. (A good example of this is the special insert on education of the

March 31, 1989 edition of *The Wall Street Journal*.)

I have read exciting proposals, which include greater teacher autonomy, new career paths for teachers, and changes in administration. I believe that continuing improvement in educational quality, along with high community and parental involvement and active scrutiny, is the best long-term answer to education's funding worries.

--APAJ

*Mr. Rieger is a three-term member of the Alaska State Legislature serving House District 8-B (Anchorage), and has also worked as a special assistant to the legislature in 1981-82, developing the legislation establishing the Alaska Permanent Fund Corporation.*



**Alaska Permanent Fund Corporation**

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047

M E M O R A N D U M

DATE: February 12, 1990

TO: John Kelsey, Chairman  
Board of Trustees

FROM: Jim Kelly *[Signature]*  
Research & Liaison Officer

SUBJECT: Analysis of HJR 13(Finance), "Proposing amendments to the Constitution of the State of Alaska creating a permanent endowment for education in Alaska."

Attached are eight financial projections prepared by the Alaska Permanent Fund Corporation at your request.

**Financial Projection #1:** This is the status quo case as of December 31, 1989 using the Department of Revenue's Fall 1989 low-case revenue forecast. It provides the benchmark against which to compare and contrast any changes to the current law.

**Financial Projection #2:** This is the same as Financial Projection #1 except it is presented in inflation-adjusted, real 1990 dollars.

**Financial Projection #3:** This is the status quo case using the Department of Revenue's Fall 1989 mid-case revenue forecast.

**Financial Projection #4:** This is the same as Financial Projection #3 except it is presented in inflation-adjusted, real 1990 dollars.

**Financial Projection #5:** This is HJR 13(Fin) using the Department of Revenue's Fall 1989 low-case revenue forecast. It is based upon the following set of assumptions:

\* 40% of the Permanent Fund's annual net income is dedicated to the Education Endowment, an account within the

principal of the Permanent Fund, each June 30 from 1992 through 2005. (Note: 20% of the Fund's net income is dedicated to the Endowment on June 30, 1991.)

\* 100% of the Education Endowment's income is appropriated to fund elementary and secondary education in Alaska beginning June 30, 1992.

\* Annual inflation-proofing is shared on a pro rata basis between the Education Endowment and the non-Education Endowment portion of Permanent Fund principal.

\* Annual income from the Education Endowment is excluded from each year's dividend calculations.

Financial Projection #6: This is the same as Financial Projection #5 except it is presented in inflation-adjusted, real 1990 dollars.

Financial Projection #7: This is HJR 13(Fin) using the Department of Revenue's Fall 1989 mid-case revenue forecast. All other assumptions are the same as Financial Projection #5.

Financial Projection #8: This is the same as Financial Projection except it is presented in inflation-adjusted, real 1990 dollars.

For Your Information: These projections are based upon a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are either listed at the bottom of each projection sheet or explained herein.

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average 3% per year after inflation; long-term inflation is projected to average 6% per year; and the assumptions for numbers of future dividend recipients and amounts of future dedicated State oil revenues are taken from the Department of Revenue's most recent "low-case" forecast.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1989

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appro- priations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		212	450	9,835	
91	9,835		189	501	10,525	
92	10,525		216	645	11,385	
93	11,385		212	696	12,293	
94	12,293		217	751	13,260	
95	13,260		211	808	14,279	
96	14,279		190	868	15,337	
97	15,337		173	878	16,388	53
98	16,388		160	829	17,376	164
99	17,376		140	875	18,390	176
0	18,390		122	923	19,434	188
1	19,434		111	972	20,518	200
2	20,518		100	1,024	21,642	213
3	21,642		83	1,077	22,803	228
4	22,803		74	1,133	24,009	240
5	24,009		61	1,191	25,261	254
Cumulative Totals Projected For FY 1990 - 2005:			2,469	13,619		1,715

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Dedate) Balance	
2				1		78
8				7		79
32	12			12		80
150	28			20	59	81
368	71	\$1,000.00		71	185	82
471	108	\$386.15	231	110	110	83
530	175	\$331.29	151		203	84
658	217	\$404.00	235		206	85
1,021	303	\$556.26	216		501	86
1,069	391	\$700.19	140		529	87
789	424	\$826.93	303		62	88
868	460	\$873.16	350	4	44	89
935	492	\$898.00	450		(8)	90
937	484	\$814.00	501		(48)	91
1,057	484	\$797.00	645		(72)	92
1,131	518	\$837.00	696		(82)	93
1,209	553	\$879.00	751		(95)	94
1,291	591	\$921.00	808		(108)	95
1,376	637	\$976.00	868		(129)	96
1,462	679	\$1,022.00	978		(94)	97
1,552	723	\$1,069.00	829			98
1,644	769	\$1,116.00	875			99
1,739	816	\$1,162.00	923			0
1,837	865	\$1,208.00	972			1
1,938	915	\$1,255.00	1,024			2
2,044	966	\$1,301.00	1,077			3
2,152	1,020	\$1,347.00	1,133			4
2,266	1,075	\$1,393.00	1,191			5
24,570	11,506	\$16,995	13,619			

#### ASSUMPTIONS:

	Nominal Returns	Inflation	Real Rates of Return
FY 90:	9.21%	4.79%	4.42%
FY 91:	8.50%	5.00%	3.50%
FY 92-05:	9.00%	6.00%	3.00%

\* SOURCE: Dedicated oil revenue estimates are from the Department of Revenue Fall '89 Low-Case Forecast; population estimates used to calculate per capita dividends are from the Department of Revenue Spring '89 Low-Case Forecast, except FY 90 estimate of 530,000 PFD qualified applicants by DOR Dividend Division. NOTE: The FY 90 per capita PFD calculation assumes (per HB 500) that the following amounts are deducted (in millions): \$3.6 admin costs, \$12.3 hold harmless, \$ 763 to Corrections, and \$ 736 to Public Safety; in addition, it assumes that \$1.5 million is added to the PFD fund from the General Fund (per HB 428).

\*\* The FY 85 Earnings Reserve Account end balance was appropriated by the legislature to the principal of the Permanent Fund effective July 1, 1986.



# Alaska Permanent Fund Corporation

## FINANCIAL PROJECTIONS (in millions)

as of December 31, 1989

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appro- priations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall
78			54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		212	450	9,835	
91	9,366		180	477	10,023	
92	9,456		194	579	10,229	
93	9,650		180	590	10,420	
94	9,830		173	600	10,604	
95	10,003		159	610	10,772	
96	10,162		135	618	10,915	
97	10,297		116	589	11,002	36
98	10,380		101	525	11,005	104
99	10,383		83	523	10,989	105
0	10,367		68	520	10,955	106
1	10,335		59	517	10,912	107
2	10,294		50	514	10,858	107
3	10,243		39	510	10,793	107
4	10,182		33	506	10,720	107
5	10,113		26	502	10,641	197
<b>Cumulative Totals Projected</b>						
<b>For FY 1990 - 2005:</b>			<b>1,810</b>	<b>8,628</b>		<b>885</b>

USE OF FUND INCOME							
Net Income	Distributions				Reserves		FY
	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Delete)	FY End Balance	
2						1	78
8						7	79
32	12					12	80
150	28					28	81
368	71	\$1,000.00				71	82
471	108	\$386.15	231	110		110	83
530	175	\$331.29	151			203	84
658	217	\$404.00	235			206	85
1,021	303	\$556.26	216			501	86
1,069	391	\$708.19	148			529	87
789	424	\$826.93	303			62	88
868	460	\$873.16	360	4		44	89
935	492	\$898.00	450			(8)	90
893	461	\$775.00	477			(46)	91
950	435	\$716.00	579			(65)	92
959	439	\$709.00	590			(70)	93
967	442	\$703.00	600			(76)	94
974	446	\$695.00	610			(82)	95
979	453	\$695.00	618			(92)	96
982	456	\$686.00	589			(63)	97
983	458	\$677.00	525				98
982	460	\$667.00	523				99
980	460	\$655.00	520				0
977	460	\$642.00	517				1
972	459	\$630.00	514				2
967	457	\$616.00	510				3
961	455	\$601.00	506				4
954	453	\$587.00	502				5
<b>15,415</b>	<b>7,286</b>	<b>\$10,952</b>	<b>8,628</b>				

### ASSUMPTIONS:

	Nominal Returns	Inflation	Real Rates of Return
FY 90:	9.21%	4.79%	4.42%
FY 91:	8.50%	5.00%	3.50%
FY 92-05:	9.00%	6.00%	3.00%

STATUS QUO IN REAL 1990 DOLLARS

\* SOURCE: Dedicated oil revenue estimates are from the Department of Revenue Fall '89 Low-Case Forecast; population estimates used to calculate per capita dividends are from the Department of Revenue Spring '89 Low-Case Forecast, except FY 90 estimate of 530,000 PFD qualified applicants by DOR Dividend Division. NOTE: The FY 90 per capita PFD calculation assumes (per HB 500) that the following amounts are deducted (in millions): \$3.6 admin costs, \$12.3 hold harmless, \$.763 to Corrections and \$.736 to Public Safety; in addition, it assumes that \$1.5 million is added to the PFD fund from the General Fund (per HB 428).

\*\* The FY 86 Earnings Reserve Account end balance was appropriated by the legislature to the principal of the Permanent Fund effective July 1, 1986.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1989

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated		FY End Balance	Inflation Proofing Shortfall
			State Revenues*	Inflation Proofing		
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,263 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		253	452	9,877	
91	9,877		260	507	10,644	
92	10,644		290	656	11,591	
93	11,591		304	714	12,608	
94	12,608		319	776	13,703	
95	13,703		317	841	14,861	
96	14,861		300	910	16,071	
97	16,071		284	930	17,284	52
98	17,284		266	886	18,437	167
99	18,437		244	940	19,621	181
0	19,621		220	996	20,837	194
1	20,837		202	1,053	22,093	209
2	22,093		176	1,112	23,381	224
3	23,381		158	1,173	24,712	239
4	24,712		143	1,236	26,092	255
5	26,092		130	1,302	27,524	271
Cumulative Totals Projected For FY 1990 - 2005:			3,866	14,474		1,792

USE OF FUND INCOME							
FY	Not Income	Distributions			Reserves		FY
		Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Delete) Balance	
78	2				1		78
79	8				7		79
80	32				12		80
81	150	12			28	59	81
82	368	71	\$1,000.00		71	185	82
83	471	108	\$386.15	231	110	110	83
84	530	175	\$331.29	151		203	84
85	658	217	\$404.00	235		206	85
86	1,021	303	\$556.26	216		501	86
87	1,069	391	\$708.19	148		529	87
88	789	424	\$826.93	303		62	88
89	868	460	\$873.16	360	4	44	89
90	936	492	\$898.00	452		(7)	90
91	944	485	\$815.00	507		(48)	91
92	1,072	487	\$801.00	656		(71)	92
93	1,155	522	\$845.00	714		(82)	93
94	1,244	562	\$893.00	776		(94)	94
95	1,338	604	\$943.00	841		(107)	95
96	1,436	656	\$1,006.00	910		(129)	96
97	1,537	705	\$1,061.00	930		(97)	97
98	1,642	756	\$1,118.00	886			98
99	1,749	809	\$1,175.00	940			99
0	1,860	863	\$1,232.00	996			0
1	1,973	920	\$1,288.00	1,053			1
2	2,090	978	\$1,344.00	1,112			2
3	2,211	1,038	\$1,400.00	1,173			3
4	2,336	1,099	\$1,456.00	1,236			4
5	2,465	1,163	\$1,512.00	1,302			5
25,986		12,137	\$17,787	14,484			

#### ASSUMPTIONS:

	Nominal Returns	Inflation	Real Rates of Return
FY 90:	9.21%	4.79%	4.42%
FY 91:	8.50%	5.00%	3.50%
FY 92-05:	9.00%	6.00%	3.00%

#### STATUS QUO WITH MID-CASE REVENUE PROJECTIONS

\* SOURCE: Dedicated oil revenue estimates are from the Department of Revenue Fall '89 Mid-Case Forecast; population estimates used to calculate per capita dividends are from the Department of Revenue Spring '89 Low-Case Forecast, except FY 90 estimate of 530,000 PFD qualified applicants by DOR Dividend Division. NOTE: The FY 90 per capita PFD calculation assumes (per HB 500) that the following amounts are deducted (in millions): \$3.6 admin costs, \$12.3 hold harmless, \$.763 to Corrections, and \$.735 to Public Safety; in addition, it assumes that \$1.5 million is added to the PFD fund from the General Fund (per HB 428).

\*\* The FY 86 Earnings Reserve Account end balance was appropriated by the legislature to the principal of the Permanent Fund effective July 1, 1986.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1989

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated		FY End Balance	Inflation Proofing Shortfall
			State Revenues*	Inflation Proofing		
78			54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		253	452	9,877	
91	9,407		248	483	10,138	
92	9,564		261	589	10,414	
93	9,824		258	605	10,687	
94	10,082		255	620	10,958	
95	10,338		239	635	11,211	
96	10,576		214	647	11,437	
97	10,790		190	624	11,605	35
98	10,948		169	561	11,678	106
99	11,017		146	562	11,724	108
0	11,061		124	562	11,746	110
1	11,081		107	560	11,749	111
2	11,084		88	558	11,730	112
3	11,066		75	555	11,696	113
4	11,034		64	552	11,650	114
5	10,991		55	548	11,594	114
Cumulative Totals Projected For FY 1990 - 2005:			2,745	9,114		923

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Delete)	
2					1	78
8					7	79
32	12				12	80
150	28				28	81
368	71	\$1,000.00			71	82
471	108	\$386.15	231	110	110	83
530	175	\$331.29	151		203	84
658	217	\$404.00	235		208	85
1,021	303	\$556.26	216		501	86
1,069	391	\$708.19	148		529	87
789	424	\$826.93	303		62	88
868	460	\$873.16	360	4	44	89
938	492	\$898.00	452		(7)	90
899	462	\$776.00	483		(46)	91
963	437	\$720.00	589		(64)	92
979	443	\$716.00	605		(69)	93
994	449	\$714.00	620		(75)	94
1,009	456	\$711.00	635		(81)	95
1,022	467	\$716.00	647		(92)	96
1,032	473	\$712.00	624		(65)	97
1,040	479	\$700.00	561			98
1,045	483	\$702.00	562			99
1,048	487	\$694.00	562			0
1,049	489	\$685.00	560			1
1,049	491	\$674.00	558			2
1,046	491	\$663.00	555			3
1,043	491	\$650.00	552			4
1,038	490	\$637.00	548			5
16,193	7,578	\$11,378	9,114			

#### ASSUMPTIONS:

	Nominal Returns	Inflation	Real Rates of Return
FY 90:	9.21%	4.79%	4.42%
FY 91:	8.50%	5.00%	3.50%
FY 92-05:	9.00%	6.00%	3.00%

STATUS QUO (MID-CASE) IN REAL 1990 DOLLARS

\* SOURCE: Dedicated oil revenue estimates are from the Department of Revenue Fall '89 Mid-Case Forecast; population estimates used to calculate per capita dividends are from the Department of Revenue Spring '89 Low-Case Forecast, except FY 90 estimate of 530,000 PFD qualified applicants by DOR Dividend Division. NOTE: The FY 90 per capita PFD calculation assumes (per HB 500) that the following amounts are deducted (in millions): \$3.6 admin costs, \$12.3 hold harmless, \$.763 to Corrections, and \$.736 to Public Safety; in addition, it assumes that \$1.5 million is added to the PFD fund from the General Fund (per HB 428).

\*\* The FY 86 Earnings Reserve Account end balance was appropriated by the legislature to the principal of the Permanent Fund effective July 1, 1986.

**FINANCIAL PROJECTIONS**  
(In millions)  
as of December 31, 1989

PRINCIPAL											INCOME																	
FY	FY Begin Balance PF Non-Ed Endowment	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance PF Non-Ed Endowment	Inflation Proofing Shortfall	Education Endowment				Combined FY End Balance	Net Income		Distributions				Reserves										
							FY Begin Balance	Dedicated Revenues	Inflation Proofing	Inflation Shortfall		Endowment Only	PF Total	Endowment Principal	To Fund Education	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Date's)	FY End Balance							
78	0		54		54							54																
79	54		84		139							139																
80	139		344		483							483																
81	483	900	385		1,769							1,769																
82	1,769	800	400		2,969							2,969							59	59								
83	2,969	400	421	231	4,021							4,021			12	\$1,000.00		71	185	244								
84	4,021	300	368	151	4,838							4,838			28			28	110	354								
85	4,838	300	368	235	5,741							5,741			71	\$386.15		71	203	557								
86	5,741		323	216	6,281							6,281			150	\$331.29		110	206	763								
87	6,281	1,264 **	170	148	7,864							7,864			175	\$404.00			501	1,264 **								
88	7,864		418	303	8,585							8,585			217	\$556.26			529	529								
89	8,585		228	360	9,173							9,173			303	\$708.19			62	591								
90	9,173		212	460	9,835							9,835			424	\$826.93		4	44	635								
91	9,835		189	501	10,525		9	187	188			10,712			460	\$898.00			(6)	629								
92	10,525		216	508	11,249	110	188	418	27	531	8	11,879			484	\$814.00			(236)	383								
93	11,249		212	123	11,583	554	631	429	11	1,871	82	12,654			501	\$794.00			(393)									
94	11,583		217	115	11,915	579	1,871	443	18	2,878	76	13,443			510	\$824.00												
95	11,915		211	110	12,235	600	1,828	498	18	2,878	101	14,236			535	\$849.00												
96	12,235		189	102	12,526	624	2,522	488	26	2,680	128	15,016			556	\$865.00												
97	12,526		173	99	12,799	640	2,498	480	25	2,482	155	15,791			581	\$887.00												
98	12,799		160	97	13,055	655	2,822	481	28	3,308	161	16,564			597	\$894.00												
99	13,055		140	94	13,289	669	3,328	501	28	4,038	212	17,326			613	\$901.00												
00	13,289		122	92	13,502	682	4,036	510	31	4,579	242	18,080			629	\$905.00												
01	13,502		111	88	13,702	695	4,579	519	32	5,130	273	18,832			643	\$907.00												
02	13,702		100	87	13,889	706	5,130	527	35	5,683	304	19,582			656	\$907.00												
03	13,889		83	85	14,057	716	5,683	516	37	6,285	336	20,322			669	\$905.00												
04	14,057		74	82	14,213	726	6,285	512	38	6,846	369	21,059			680	\$902.00												
05	14,213		61	80	14,354	735	6,846	540	41	7,336	402	21,791			691	\$897.00												
Cumulative Totals Projected For FY 1990 - 2005:																												
			2,469	2,712		8,690		7,051	386		2,845		4,228	23,258	7,051	4,226	9,519	\$14,039	3,097									

ANALYSIS OF HJR 13 (Finance): Prepared by the Alaska Permanent Fund Corporation

ASSUMPTIONS: (In Nominal Dollars)

- \* Based on Department of Revenue's Fall 1989 Low-Case Revenue Forecast
- \* 20% of PF Net Income to Education Endowment in FY 91
- \* 40% of Non-Education Endowment PF Net Income to Education Endowment from FY 1992-2005

- \* 100% of Education Endowment Income Appropriated to Fund Education FY 1992-2005
- \* Inflation-Proofing Shared Pro-Rata Between Education Endowment and PF Non-Endowment Principal
- \* Education Endowment Income Excluded from PFD Calculations

**FINANCIAL PROJECTIONS**  
(In millions)  
as of October 31, 1989

PRINCIPAL											INCOME																			
FY	FY Begin Balance PF Non-Ed Endowment	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance PF Non-Ed Endowment	Inflation Proofing Shortfall	Education Endowment				Combined FY End Balance	Net Income		Distributions				Reserves												
							FY Begin Balance	Dedicated Revenues	Inflation Proofing	Shared Pro-Rata		Inflation Proofing Shortfall	Endowment Only	PF Total	Endowment Principal	To Fund Education	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Delete)	FY End Balance								
78	0		54		54								2					1												
79	54		84		139							8						7												
80	139		344		483							32					12													
81	483	900	385		1,769							150					28	59	59											
82	1,769	800	500		2,969							368					71	185	244											
83	2,969	400	421	231	4,021							471	108	\$1,000.00			71	110	354											
84	4,021	300	366	151	4,838							530	175	\$386.15	231		151	203	557											
85	4,838	300	368	235	5,741							658	217	\$404.00	235		235	206	763											
86	5,741		323	216	6,281							1,021	303	\$556.26	216		216	501	1,264**											
87	6,281	1,264**	170	148	7,864							1,069	391	\$709.19	148		148	529	529											
88	7,864		418	303	8,585							789	424	\$816.93	303		303	62	591											
89	8,585		228	360	9,173							868	460	\$973.16	360	4	4	44	635											
90	9,173		212	450	9,835							935	492	\$998.00	450		-6	629												
91	9,366		180	477	10,023		0	179		179		0	893	179	0	461	\$775.00	477	-224	375										
92	9,456		194	456	10,106	99	168	374	24	587	0	15	950	374	15	433	\$713.00	481	-353											
93	9,534		180	104	9,818	469	4	384	9	908	44	48	957	384	48	432	\$698.00	114												
94	9,262		173	92	9,527	463	6	254	12	1,222	61	77	962	354	77	427	\$678.00	103												
95	8,988		159	83	9,230	453	10	344	13	1,510	76	104	963	344	104	419	\$653.00	95												
96	8,707		135	72	8,915	444	15	333	14	1,772	91	128	961	333	128	413	\$631.00	87												
97	8,410		116	67	8,593	429	21	322	15	2,068	104	150	956	322	150	401	\$600.00	82												
98	8,107		101	61	8,269	415	30	311	16	2,228	116	171	947	311	171	389	\$571.00	78												
99	7,801		83	56	7,940	400	39	299	17	2,413	127	189	937	299	189	376	\$541.00	73												
00	7,491		68	52	7,611	385	59	288	17	2,581	137	205	924	288	205	362	\$511.00	69												
01	7,180		58	47	7,287	369	77	276	18	2,726	145	218	909	276	218	349	\$482.00	65												
02	6,874		50	44	6,968	354	102	264	18	2,866	153	232	893	264	232	335	\$454.00	61												
03	6,574		39	40	6,653	339	146	253	18	2,995	159	242	875	253	242	322	\$427.00	58												
04	6,277		33	37	6,348	324	191	242	18	3,067	165	252	857	242	252	309	\$401.00	54												
05	5,987		28	34	6,047	310	265	231	17	3,132	170	260	837	231	260	295	\$375.00	51												
Cumulative Totals Projected For FY 1990-2005:											2,211	14,756	4,433	2,291	6,217	\$9,408	2,338													

ANALYSIS OF HJR 13 (Finance): Prepared by the Alaska Permanent Fund Corporation

ASSUMPTIONS: (In Real, Inflation-Adjusted 1990 Dollars)

\* Based on Department of Revenue's Fall 1989 Low-Case Revenue Forecast

\* 20% of PF Net Income to Education Endowment in FY 91

\* 40% of Non-Education Endowment PF Net Income to Education Endowment from FY 1992-2005

\* 100% of Education Endowment Income Appropriated to Fund Education FY 1992-2005

\* Inflation-Proofing Shared Pro-Rata Between Education Endowment and PF Non-Endowment Principal

\* Education Endowment Income Excluded from PFD Calculations

FINANCIAL PROJECTIONS  
(In millions)  
as of December 31, 1989

PRINCIPAL											INCOME											
FY Begin Balance	PF Non-Ed Endowment	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing	Education Endowment				Combined FY End Balance	Net Income		Distributions				Reserves				
							FY Begin Balance	Dedicated Revenues	Inflation Proofing	Inflation Shortfall		Endowment Only	PF Total	Endowment Principal	To Fund Education	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund	Add (Delete)	FY End Balance	
0			54		54								2					1				
54			84		139								8					7				
139			344		483								32					12				
483	900		385		1,769								150				28		59	59		
1,769	800		400		2,969								368				71	\$1,000.00	71	185	244	
2,969	400		421	231	4,021								471				108	\$386.15	231	110	354	
4,021	300		366	151	4,838								530				175	\$331.29	151		557	
4,838	300		368	235	5,741								658				217	\$404.00	235		763	
5,741			323	216	6,281								1,021				303	\$556.26	216		1,264 **	
6,281	1,264 **		170	148	7,864								1,069				391	\$708.19	148		529	
7,864			418	303	8,585								789				424	\$826.93	303		591	
8,585			228	360	9,173								868				460	\$873.16	360	4	635	
9,173			253	462	9,877								936				492	\$901.80	452	(7)	628	
9,877			260	507	10,644								944				485	\$815.00	507	(237)	391	
10,644			290	512	11,447	117							1,072				485	\$798.00	539	(391)		
11,447			304	131	11,882	562							1,153				514	\$832.00	143			
11,882			319	125	12,326	591							1,237				543	\$862.00	141			
12,326			317	122	12,765	617							1,324				569	\$886.00	141			
12,765			300	115	13,180	647							1,411				598	\$915.00	137			
13,180			284	114	13,577	669							1,497				621	\$931.00	139			
13,577			268	112	13,955	690							1,584				643	\$945.00	141			
13,955			244	110	14,309	711							1,670				664	\$958.00	141			
14,309			220	107	14,836	730							1,758				684	\$968.00	142			
14,836			202	105	14,942	748							1,841				703	\$975.00	142			
14,942			178	102	15,220	765							1,926				722	\$980.00	142			
15,220			158	100	15,478	781							2,009				739	\$983.00	142			
15,478			143	97	15,718	796							2,092				755	\$984.00	142			
15,718			130	95	15,943	809							2,174				769	\$982.00	142			
Cumulative Totals Projected For FY 1990 - 2005:			3,866	2,903		9,233							4,429	24,626			7,515	4,429	9,985	\$14,715	3,332	

ANALYSIS OF HJR 13 (Finance): Prepared by the Alaska Permanent Fund Corporation

ASSUMPTIONS: (In Nominal Dollars)

- \* Based on Department of Revenue's Fall 1989 Mid-Case Revenue Forecast
- \* 20% of PF Net Income to Education Endowment in FY 91
- \* 40% of Non-Education Endowment PF Net Income to Education Endowment from FY 1992-2005

- \* 100% of Education Endowment Income Appropriated to Fund Education FY 1992-2005
- \* Inflation-Proofing Shared Pro-Rata Between Education Endowment and PF Non-Endowment Principal
- \* Education Endowment Income Excluded from PFD Calculations

FINANCIAL PROJECTIONS  
(In millions)

as of October 31, 1989

PRINCIPAL										INCOME								
Year	Dedicated State Revenues*	Inflation Proofing	FY End Balance PF Non-Ed Endowment	Inflation Proofing Shortfall	Education Endowment				Inflation Proofing Shortfall	Combined FY End Balance	Net Income		Distributions				Reserves	
					FY Begin Balance	Dedicated Revenues	Inflation Proofing	Interest Income			Endowment Only	PF Total	Endowment Principal	To Fund Education	Dividends	Per Capita Dividends*	Inflation Proofing	General Fund
	54		54								2						1	
	84		139								8						7	
	344		483								32						12	
90	385		1,789								150			12			28	59
00	400		2,969								368			71	\$1,000.00		71	185
100	421	231	4,021								471			108	\$386.15	231	110	110
200	366	151	4,838								530			175	\$331.29	151		203
300	368	235	5,741								658			217	\$404.00	235		206
	323	216	6,281								1,021			303	\$556.26	216		501
254 **	170	148	7,864								1,069			391	\$708.19	148		529
	418	303	8,585								788			424	\$828.93	303		62
	228	360	9,173								868			460	\$873.16	360	4	44
	253	452	9,877						9,877		936			482	\$901.00	452		-7
	248	483	10,138		0	188		188	10,317		6	899	180	0	452	\$776.00	483	-225
	261	460	10,284	105	178	378	24	578	10,858		15	963	378	15	435	\$717.00	485	-352
	258	111	10,071	478	2	372	36	822	10,893		46	977	372	46	436	\$705.00	121	
	255	100	9,857	473	4	284	12	1,347	11,104		78	989	364	78	434	\$689.00	113	
	239	92	9,629	466	7	367	15	1,548	11,177		106	998	357	106	429	\$668.00	106	
	214	82	9,380	460	10	349	16	1,825	11,205		131	1,004	349	131	426	\$651.00	98	
	190	76	9,116	449	13	348	17	2,078	11,195		158	1,005	340	158	417	\$625.00	93	
	169	71	8,839	437	18	331	18	2,318	11,149		177	1,003	331	177	407	\$599.00	89	
	148	65	8,550	425	25	321	19	2,518	11,069		196	998	321	196	397	\$572.00	84	
	124	60	8,250	411	34	318	20	2,787	10,957		214	990	310	214	386	\$546.00	80	
	107	56	7,946	398	43	308	20	3,073	10,820		238	979	300	238	374	\$518.00	78	
	88	51	7,636	384	51	298	20	3,380	10,655		244	966	288	244	362	\$492.00	71	
	75	47	7,326	370	65	278	20	3,748	10,472		254	951	278	254	350	\$465.00	67	
	64	43	7,018	355	84	267	20	4,125	10,273		267	934	267	267	337	\$439.00	63	
	55	40	6,718	341	103	256	20	4,546	10,062		278	916	256	278	324	\$414.00	60	
1995 Projected	2,745	2,259		5,650		4,692	251		1,616		2,385	15,510	4,692	2,385	6,467	\$9,778	2,540	

ANALYSIS OF HJR 13 (Finance): Prepared by the Alaska Permanent Fund Corporation

ASSUMPTIONS: (In Real, Inflation-Adjusted 1990 Dollars)

- \* Based on Department of Revenue's Fall 1989 Low-Cost Revenue Forecast
- \* 20% of PF Net Income to Education Endowment in FY 91
- \* 40% of Non-Education Endowment PF Net Income to Education Endowment from FY 1992-2005

- \* 100% of Education Endowment Income Appropriated to Fund Education FY 1992-2005
- \* Inflation-Proofing Shared Pro-Rata Between Education Endowment and PF Non-Endowment Principal
- \* Education Endowment Income Excluded from PFD Calculations

## EDUCATION FUND QUESTIONS & ANSWERS

### 1. Won't the Education Fund just provide more money for politicians to spend?

Prudhoe Bay oil production has begun to drop. By 1995 Prudhoe Bay is expected to produce only about two-thirds of today's oil; in ten years, only about one-third of today's oil will be produced. Unless oil sells for the extremely unlikely price of more than \$42 a barrel, Alaska's oil revenues are going to drop by about half over the next ten years. Income from the Education Fund won't replace all lost oil revenues. Alaska will face about a gap of several hundred million dollars between today's spending and tomorrow's revenues. But the Education Fund will help protect our schools from declining oil revenues.

### 2. What's the impact on the Permanent Fund dividend?

The dividend grows more slowly. Over the 15 years of the Education Fund deposits, the difference in the dividend averages about \$200 to \$250 annually, or about \$20 a month or less. So, for about as much as it costs for a couple to go to the movies every month, we get a school system with a secure future, not one dependent on decisions made in Iran or Saudi Arabia or Texas.

*\$2000 - \$2250  
over  
4000/person*

### 3. What's the impact on the Permanent Fund principal?

The Education Fund assures that 40 percent of the annual earnings of the Permanent Fund will be reinvested into the principal for 15 years. For the first six or seven years, the principal grows more quickly than it would otherwise. But the amount of earnings spent on dividends grows larger each year also. So, as dividends continue to grow and more income from the Education Fund is spent, the principal is slightly affected. By the year 2000, the principal is about 5 percent less than it would be otherwise.

But even without the Education Fund, the Permanent Fund Corporation estimates the principal of the Permanent Fund will erode in the future because the law requires the first use of earnings is dividends. As dividends grow larger every year, there won't be sufficient earnings to provide for both dividends and inflation-proofing. The legislature can avoid this outcome by passing legislation making inflation-proofing the first priority.

Furthermore, without the constitutional requirement to make the 40 percent deposits, the earnings are at risk of being all appropriated, not reinvested, as oil revenues decline sharply. Use of all the earnings, without any reinvestment into the principal, will accelerate the potential erosion of the Permanent Fund principal. So, the Education Fund serves as added protection for the principal for several years.

#### **4. What happens to Inflation-proofing?**

The Education Fund makes re-investment of Permanent Fund earnings into the principal the first priority. The Education Fund, in fact, serves as a form of constitutionally-guaranteed inflation-proofing. The Education Fund gives inflation-proofing a purpose -- to provide for Alaska's public education. Instead of just saving for saving's sake, we are saving for our children's future.

#### **5. Why is education a priority?**

Education is the foundation of our democracy. Unlike many nations, America has pledged to educate all its children, not just the children of wealthy parents. Public education is open to all, and is mandated by Alaska's constitution. But we have no constitutional guarantee that money will be available to provide for public education. Establishing the Education Fund guarantees that we will have money for our schools. By supporting the Education Fund, we adults can protect our children's interests and their future. In turn, educated kids mean a more productive and economically-sound society.

#### **6. Aren't dedicated funds a bad idea?**

The Permanent Fund itself is a dedicated fund, established by the voters of Alaska in 1976. The only way we can guarantee stable, secure funding for education is to establish a dedicated fund. Otherwise, our schools are at the mercy of each year's revenue ups and downs. In 1986, for example, school funding was cut ten percent across-the-board, resulting in programs being reduced or stopped altogether. One district even declared bankruptcy.

**7. Does this proposal change the way the legislature allocates the money among school districts?**

No, the division of education dollars will continue to be by legislative appropriation through the public school foundation formula and the other education programs, such as pupil transportation and school debt retirement.

**8. Can the Education Fund assure the quality of education?**

Assuring quality education takes active parents, capable administrators and dedicated teachers. The Education Fund by itself cannot assure quality education, but it can contribute to fiscal stability. Without stable funding, school boards and administrators will have to spend more and more time and energy balancing school checkbooks and looking to local property taxes for support. Stable funding means we can focus on school programs and performance.

**9. Does the proposal include the University?**

No, the Education Fund does not include the University.

*El/Sec Extension  
i.e. - 14 yr of ed.*

**10. Will the Education Fund provide for preschool and early childhood education programs? Will it provide for school construction and repair?**

Education Fund earnings will be available for public elementary and secondary education. Through legislative appropriation, the Education Fund can provide for preschool and early childhood education programs, school construction and repair, ~~and other future needs.~~ *Sample list*

**11. What happens if the legislature approves the resolution calling for the Education Fund?**

The resolution does not establish the Education Fund. It simply permits Alaskans to vote on the issue in the 1990 general election. If the public approves of the Education Fund, the Constitution will be changed to allow Education Fund earnings to be dedicated to education.

# The Education Fund

## Q&A.

### **Where did this idea come from?**

A couple years ago a group of parents, teachers, school board members and administrators formed the Alaska Coalition for Education to work on common goals. The Coalition realized then that a serious threat could overshadow all other education issues: a dramatic drop in state revenue due to the decline of the amount of oil coming out of Prudhoe Bay. They proposed a funding mechanism, using the earnings of the Permanent Fund, that could help close the future education funding gap.

In early 1989 Governor Cowper submitted to the Legislature House Joint Resolution 13 that sets up such a plan and calls for a public vote on it on the 1990 general ballot. The House of Representatives approved the resolution last year. It is before the Senate this session.

### **How will the Education Fund work?**

For 15 to 20 years, 40 percent of Permanent Fund earnings will be reinvested back into the principal to be managed and protected with the rest of the fund. As oil production declines, interest from those special deposits, called the Education Fund, will be used to help pay for elementary, junior and senior high school education. Deposits to the Education Fund will stop after 15 years or could continue for another five years if the legislature thought additional savings were needed. By then, earnings from the Education Fund will be providing a reliable and perpetual source of revenue for education.

It sounds complicated, but it's easy to envision if you compare it to parents saving for their kids' education: they don't know exactly how much they'll need, but they know they'll be a lot better off with it than without it.

### **Why is the public voting on the Education Fund?**

Right now the law says that politicians can use Permanent Fund earnings any way they want, as long as half go to dividends. This proposal will protect the earnings by guaranteeing that 40 percent be reinvested in the principal to create a permanent account to help pay for education.

## **Who will control the money?**

That won't change. The Education Fund is a mechanism to provide support to schools. Its earnings will be controlled the way education dollars are controlled today: the legislature passes out the money to local communities based on a formula. Local school boards make final spending decisions and set educational standards and goals.

The Education Fund provides a guaranteed level of financing for schools. If the legislature doesn't need the entire available amount in a certain year, leftover dollars will be put back into the savings account. Or, if policy makers decide education needs more money, they are free to increase the level of support using regular state dollars.

## **Won't this just provide more money for a growing bureaucracy?**

No. It will help replace dollars that won't be there anymore because of the decline in the amount of oil coming from Prudhoe Bay. Even with the Education Fund in place, there will be tight competition for public spending.

Right now, more than 8 of every 10 dollars in the state treasury comes from oil revenues. That adds up to about \$2.2 billion this year. In 10 years that amount drops by two-thirds which translates into a cut of about \$700 million in oil revenues. (Oil would have to sell for the unlikely price of \$42 a barrel to make up the difference in number of barrels.) In the year 2010, it's estimated we'll bring in a mere \$346 million from petroleum sources. The state's share for education today is more than \$600 million. How do we close the gap?

Some other budget facts help put perspective on state spending. Nearly half the current \$2.3 billion budget goes directly to communities and individuals in the form of aid and benefits (longevity bonus, public assistance, revenue sharing to offset local property taxes, school funding, and program grants). The state simply cuts the check.

State spending is down considerably from an all-time high of about \$4 billion in 1985. It now equals about what we spent per person in 1979, if you account for inflation.

Formula programs tied to population (like public assistance, school funding and the longevity bonus), federal requirements, and inflation add major increases to the budget. Many of the spending limit proposals on the table also build in inflation and population growth.

## **Can the Education Fund make a difference in the quality of schools?**

Educational standards and goals will always be up to local communities through their school boards. The Education Fund alone cannot assure quality, but it can contribute a great measure toward stability. Teachers and administrators will be able to tend to the business of providing a decent education, instead of worrying about decaying facilities, outdated materials, and overcrowded classrooms. Stable funding means educators can focus on performance instead of the checkbook.

## **How soon can Education Fund earnings be used and how much will be available?**

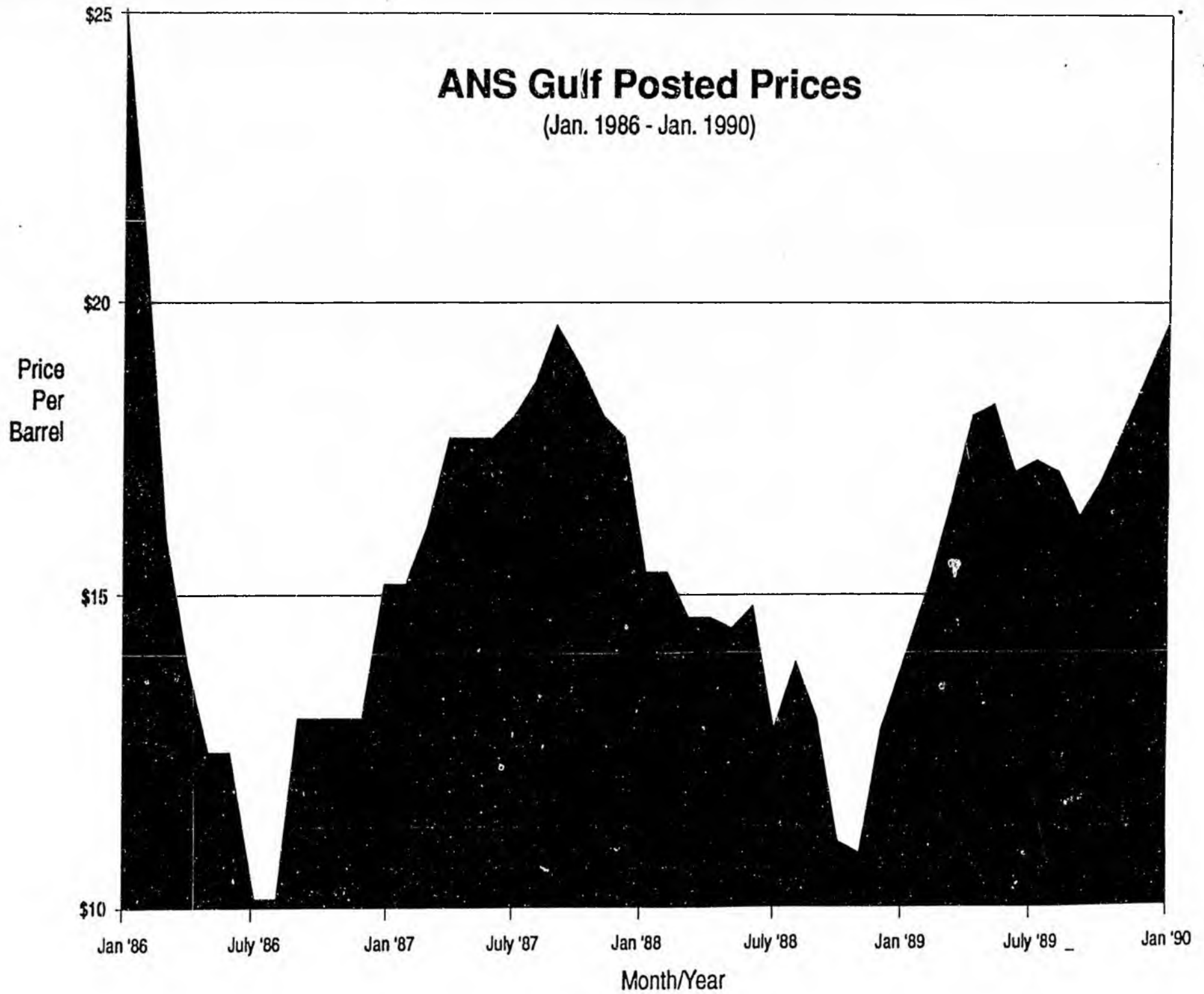
The current resolution says the money could be used right away, but many lawmakers think it's a better idea to let the Education Fund gather savings for at least 10 years in order to increase its value. It's likely the legislation could change in the next few weeks. In 10 years about \$700 million will be available from the Education Fund - about enough to cover the anticipated revenue gap. That money could be used without touching the principal of either the Education Fund or the Permanent Fund.

## **Would the Education Fund be the most - or the least - that could be spent on Education in any year?**

It's possible that earnings from the Education Fund may exceed or not completely cover all costs each year. That depends on the number of students enrolled at the time and other factors. However, the legislature can appropriate additional money if necessary. Conversely, if not all the Education Fund earnings are needed at the time, they will be placed back into the savings account. They cannot be spent for any other purpose. The Education Fund simply provides a stream of income for a specific purpose. Undoubtedly, constituencies that advocate for education and other programs will continue to compete for available dollars and keep the issue in the public eye.

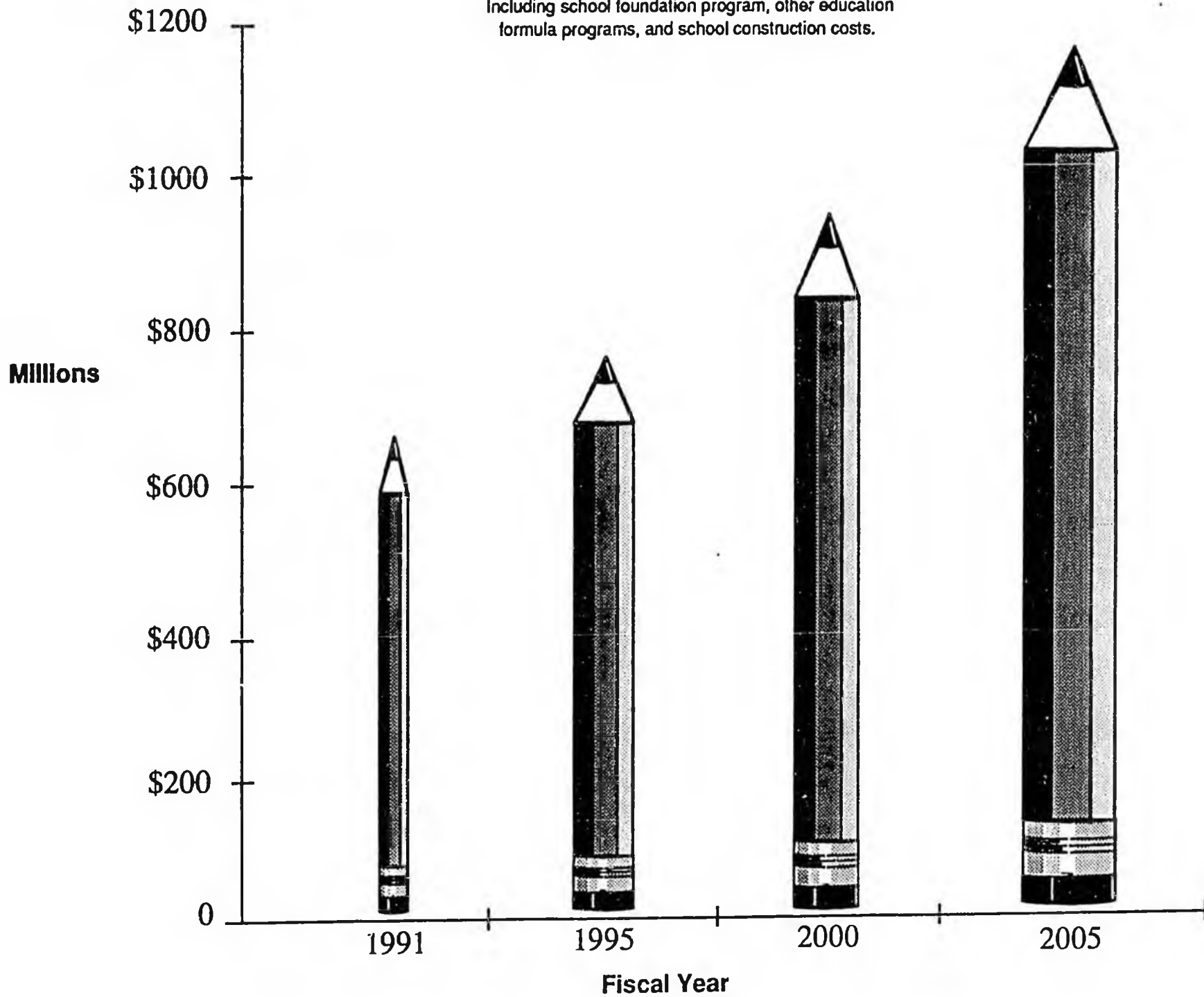
# ANS Gulf Posted Prices

(Jan. 1986 - Jan. 1990)



# Alaska School Funding Needs

Including school foundation program, other education formula programs, and school construction costs.





# Alaskans on the Future of the Fund

Final Report  
of the Commission  
on the Future  
of the Permanent Fund

January 31,  
1990

# **The Commission on the Future of the Permanent Fund**

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**Representative H.A. "Red" Boucher, Chair**

**Representative Terry Martin**

**Senator Jan Faiks**

**Senator Steve Frank**

**Hugh Malone  
Commissioner of Revenue**

**John Kelsey  
Chairman, Permanent Fund Corporation**

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Questionnaire analysis**

In 1989 the Legislature established the Commission on the Future of the Permanent Fund to gather public testimony, report its findings and make recommendations to the Governor and the Legislature.

## Executive Summary

The Commission held 10 public hearings between September 30 and December 9, 1989, across the state. More than 200 members of the public and expert witnesses testified. The commission also gathered written testimony and reviewed legislation and documents pertaining to the Permanent Fund.

The public clearly stated it:

- wants the Permanent Fund dividend retained,
- wants the principal of the Fund preserved,
- believes current levels of state spending are too high, and
- does not want Fund earnings used to support State programs in the foreseeable future.

Included in this report are the recommendations of the Commission suggesting statute modifications designed to preserve the value of the Fund and assure a stable flow of earnings.

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Disclose all uses of earnings	Page 14
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## Questions facing us today

Since 1986, when the price of oil dramatically decreased, a number of Alaskans have become concerned about fiscal policy, sources of state revenue and the role of the Permanent Fund in Alaska's future. The Commission on the Future of the Permanent Fund was established by the 1989 Legislature to determine the appropriate response to such concerns. The Commission focused on two central questions:

- 1) What is the purpose of the Fund?
- 2) What role will it play in Alaska's long-term economic future?

The Commission was instructed to gather public testimony concerning the Permanent Fund, to report its findings and to make recommendations to the Governor and the Legislature. The Commission consists of nine members: two state representatives appointed by the Speaker of the House, two state senators appointed by the President of the Senate, three members of the public appointed by the Governor, the Chairman of the Board of Trustees of the Alaska Permanent Fund Corporation and the Commissioner of the Department of Revenue.

As part of its charge to gather public testimony, the Commission conducted ten meetings around the state, including two in each judicial district and two statewide hearings that were held in Anchorage and Juneau. To allow as much public participation as possible, the hearings were held on Saturdays. The Commissioners asked the witnesses questions to determine their opinions on specific issues.

## The first years of the Permanent Fund

Alaska's voters approved the creation of the Permanent Fund in 1976. They accepted an amendment to the Alaska State Constitution as proposed by Governor Jay Hammond and passed by the Legislature. That amendment states:

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses re-

ceived by the State shall be placed in a permanent fund, the principal of which shall be used only for income producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

—Alaska State Constitution,  
Article IX, Section 15

Witnesses asked the Commission questions concerning the Permanent Fund, the dividend program, inflation-proofing, the Educational Endowment, the budget, income tax and long-term fiscal problems facing the state. As a hearing progressed, people commented on the issues presented by previous speakers and thus each hearing became a public forum for discussion of problems facing the state and the Permanent Fund.

As part of its charge to make recommendations, the Commission also heard testimony from the staff of the Permanent Fund Corporation and other expert witnesses, and reviewed documents pertaining to the Permanent Fund.

The Commission also prepared and distributed an eight-page handout about the Permanent Fund and the Commission. The handout contained a three-page, self-addressed questionnaire so that persons who either did not feel comfortable with public speaking or were unable to attend the public hearings could express their opinions. These handouts were used in presentations to high school and college government classes, senior citizen groups, Chambers of Commerce, Rotary Clubs and other civic groups.

(Summary of responses is provided in Appendix A. Copy of handout is provided in Appendix B.)

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Since the adoption of this amendment, the Legislature has increased the deposit requirement to 50 percent for all mineral lease rentals, royalties, royalty sale proceeds, net profit shares and federal mineral revenue sharing payments received on leases issued after Dec. 1, 1979, and 50 percent of all bonuses received on leases issued after Feb. 15, 1980. (Alaska Statute 37.13.010 (a)(2))

Additionally, the Legislature provided that a portion of the income of the Fund shall be deposited into the principal to offset the effects of inflation as measured by the change in the calendar year average of the U.S. Consumer Price Index. (Alaska Statute 37.13.145)

The Permanent Fund's principal, estimated to be \$9.3 billion (\$9,267,975,000.00) on Nov. 30, 1989, has come from three sources:

\$3.659 billion had been deposited by that date as a direct result of the constitutional amendment and statutes, \$1.645 billion had been deposited to preserve the principal against inflation and \$3.964 billion had been placed into the Fund by three separate legislative appropriations.

## What the public said

Four recurring themes emerged from the testimony of the 223 people who appeared at the Commission's hearings, the 71 people who submitted written testimony and the 1,782 who returned the questionnaires:

- **Retain the Permanent Fund dividend.**
- **Preserve the value of the Fund for future generations.**
- **Reduce state spending.**
- **Do not use Fund earnings in the foreseeable future to support State programs.**

Here is a summary of the testimony on these and related subjects:

### Protect the principal of the Permanent Fund

While a few people testified that the Fund's principal should be divided equally among current Alaskans, the large majority supported protecting the principal. There was little support for the use of fund principal for in-state investments, economic development, infrastructure, or other non-income producing projects. The public believes that the current investment scheme and management style have performed well and are appropriate for the future.

The testimony received by the Commission was strongly in favor of preserving the value of the principal for future generations. Few citizens testifying were aware of, or recognized, the possibility that the Fund may not be fully inflation proofed in the future. When asked whether the

### The Fund has earned \$6.6 billion

Since its inception, the Fund has earned roughly \$6.6 billion from investments. \$2.2 billion of this has gone toward payment of annual dividends to every qualified Alaskan resident. Of the remaining \$4.4 billion in earnings, \$1.645 billion has been deposited into the principal to offset inflation, \$1.264 billion has been deposited back into the Fund by the Legislature by special appropriation, \$635 million is currently being

held in the Earnings Reserve Account and \$232 million has been used for general governmental services.

While individual voters' opinions may have varied, testimony before the Commission indicates the most often expressed reasons for establishing the fund were:

- 1) to remove money from the income stream of the state,

dividend/inflation proofing priority should be reversed, the response was generally "yes," even if this change causes a reduction in dividend payments.

### Keep the dividend program

The dividend program had very strong support from the people who testified. They presented a variety of reasons why this program is valuable. Some favored the dividend program because of the annual injection of capital into the Alaskan economy, others thought that the program is a fair method for the distribution of oil wealth, others thought it is an excellent method of removing funds from legislative overpending, and still others believed it is constitutionally mandated (it is not). They said the bush and rural communities depend heavily on the dividend for infusion of cash into their economies. Many said they would rather see a personal income tax than a reduction in dividends. A limited reduction in dividends is acceptable to fully inflation proof; otherwise, the public expects the dividends to continue. A number of people thought that capping the dividend was an appropriate step in the future.

### Reduce government spending

Most people who testified concerning the level of government spending felt that it was excessive. Opposition to the use of the Fund's earnings for additional government spending was widespread. There was strong support for adequate funding for legitimate government services. However, the public believes that the current budgetary

- 2) to preserve a portion of the oil wealth for future generations and
- 3) to develop an income source to support state government when oil revenues decrease.

In 1982 the Legislature enacted the statute that established the Dividend Fund within the General Fund. (Alaska Statute 43.23.015)

The Earnings Reserve Account was established as a separate account managed by the Permanent Fund Corporation. (Alaska Statute 37.13.145)

Each year, about 50 percent of the income from the Fund is divided by the number of qualified applicants and a dividend check is mailed to each person. The amount of this check for the year 1989 was \$876.13.

The remaining income is first reinvested into the principal to offset inflation; the amounts left over are held in the Earnings Reserve Account (ERA). The \$635 million in the ERA as of June 1989 has accumulated over several years.

level of approximately \$2.25 billion is too high. Few citizens were willing to specify which areas of state government should be reduced. Most agreed that it is up to the Legislature to determine the appropriate places to cut.

**Opinions differ on educational endowment**

The Commission has difficulty in summarizing public testimony about an educational endowment because of confusion surrounding it. While the educational community and some local governments strongly favored the concept of an educational endowment, similar support was not found in the general public's testimony. Opposition to the educational endowment was expressed in a variety of philosophical and political terms.

Many people do not think that the state should tamper with the prohibition against dedication of funds contained in the State Constitution. (Alaska State Constitution, Article IX, Section 7.) These people stressed that all potential uses of the earnings should compete equally with all other government demands or were concerned that dedicated revenue will result in less oversight of educational spending. Some people feared that providing additional funding for education will cause the cost of other government services to rise simply because of the availability of money. Others feared that any change to the constitutional provisions will open a floodgate of other demands on uses of the Fund's earnings.

Many people were critical due to current frustration with the education system. These people stated they were dissatisfied with the quality of education considering the

**The Dividend Formula**

The actual amount of income which is distributed as dividends is calculated based upon the following language:

Net income of the corporation shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent

of the net income of the corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed the net income of the corporation for the fiscal year just ended plus the balance in the earnings reserve account . . .

-- A.S. 37.13.140

Once the income has been determined, the amount that goes to the dividend account is established

amount of money that is currently being spent. They were not convinced that a higher spending level or dedicated funding would improve the quality of education in the state.

Those favoring the educational endowment did so because they felt it was important to have a more stable and predictable state contribution to local education costs. Presentations by the Administration demonstrated that the educational endowment will provide only a portion of the money needed for education in the future. As currently structured, neither the Governor's nor the Legislature's bills will create as much money in real dollars as is currently being spent on education.

### Don't alter Fund management

The public is satisfied with the current management of the Permanent Fund Corporation and the Board of Trustees. There was generally no demonstrated support for changing the investment philosophy of the fund. However, outside of those intimately involved with the Permanent Fund, few in Alaska have any in-depth knowledge about the specifics of the Fund's operation. Those who do have that knowledge, including members of the Fund's management team, have concerns that the treatment of unrealized gains and losses, definition of net income, and other accounting and investment-related subjects have a substantial effect on the size of the Fund and the distribution of earnings.

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as follows:

... each year the commissioner [of revenue] shall transfer to the dividend fund 50 percent of the income of the Alaska permanent fund earned during the fiscal year ending on June 30 of the current year available for distribution.

--A.S. 43.23.045(b)

the dividend account is accomplished by a legislative appropriation. The amount appropriated is based on a five-year average which is intended to maintain a stable flow of dividends.

The actual transfer of funds to

### Don't deduct from dividends

This year, the deductions from the dividend program and the purposes of those deductions were itemized on the dividend checks. All witnesses who mentioned this were upset by the subtraction from their check. While most did not complain about the deduction for the costs of administering the dividend program, the deductions for the hold harmless program, felon gate money, sexual offender programs and the Victims Compensation Fund were highly objectionable in the public's view.

### Refine dividend qualifications

Public testimony was clearly in favor of restricting the dividend program to qualified residents. Some favored significantly increased residency requirements. However, a number of people expressed concern that efforts designed to prevent unqualified residents from receiving a dividend had the effect of denying dividends to some Alaskans who should receive them. Others were concerned that the additional reporting procedures imposed substantial burdens on all Alaskans and questioned whether these additional burdens and attendant administrative costs outweighed the benefits.

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<b>Hearing Locations</b>	Juneau, September 30, 1989
	Barrow, October 7
	Anchorage, October 14
	Bethel, October 21
	Ketchikan, October 28
	Nome, November 4
	Kenai-Soldotna, November 11
	Fairbanks, November 18
	Statewide hearings were:

	Juneau, December 2
	Anchorage, December 9

## Findings and Recommendations

The legislation creating this Commission requires a report containing findings and recommendations. While not all members of the Commission may agree completely with all of the statements below, it is the consensus of the Commission that every recommendation addresses one or more issues critical to the future of the Fund and deserves consideration by the Governor and the Legislature.

### What is the purpose of the Fund?

Article IX, Section 15 of the Alaska Constitution contains several key concepts:

- (1) At least 25% of designated mineral revenues shall be placed in a permanent fund,
- (2) The principal of the fund shall be used only for those income-producing investments specifically designated by law, and
- (3) All income from the Fund shall be deposited in the general fund unless otherwise provided by law.

The Commission examined the question of what is the purpose of the Permanent Fund, taking into account the public testimony, laws, past and current uses of Fund earnings, historical information and other relevant factors.

It is the Commission's conclusion that the Permanent Fund should continue to fulfill its constitutional purpose of creating a stable and growing stream of earnings to be appropriated by the Legislature. It is the Commission's unanimous opinion that this flexibility, as provided by the constitutional amendment creating the Permanent Fund, allows the Fund to best serve both current and future generations of Alaskans.

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## Plan now for the "fiscal gap"

The projected decline in Alaska oil production and the corresponding "fiscal gap" between spending and projected revenues was a major factor in the formation of this Commission.

The Commission received substantial testimony predicting a marked decline in Alaskan oil production within the next five years. There was no testimony or information presented contradicting these projections. While fluctuations in oil prices have and will continue to affect year to year revenues, it is highly unlikely that the revenue drop linked to the projected production decline could be offset by oil price increases. This is the basis of the projected difference between current spending and projected revenue that is often referred to as the "fiscal gap."

Public testimony was consistently strong in supporting a substantial cut in spending as the first and preferred method of dealing with this projected shortfall. Many members of the public suggested that, after spending has been reduced, income taxes should be a source of revenue. Some suggested reduction and a few proposed elimination of the dividend program.

While Alaska's economic future cannot be discussed without consideration of the role of the Fund, it must be noted that all of the Fund's real earnings are less than the current state budget. The Constitution prohibits spending the principal of the Fund for any purpose. Constitutionally the Legislature can appropriate all the earnings of the Fund without consideration for inflation proofing. However, if it is to be "permanent," the Fund must retain the value of the principal over time. To retain its value, the principal must be protected from the effects of inflation. Allowing inflation to erode the Fund would effectively produce the same result as spending the principal.

Unless spending levels are cut and/or additional revenues are raised, pressures may arise in the future to use earnings of the Permanent Fund to support state government, possibly even at the expense of the dividends and inflation proofing. The projected fiscal gap thus raises serious public policy issues that must be addressed by the Governor and the Legislature if the current uses of Permanent Fund earnings are to be maintained.

In the Commission's opinion, long-range planning is the only way to avoid having the resolution of these fiscal policy issues dramatically affect the economy or even precipitate a crisis. Planning combined with judicious changes in public policy should reduce the impact of these projections and avoid the wild

economic fluctuations we have historically endured. Unless the Governor and the Legislature address these issues now, a crisis appears inevitable. If the "fiscal gap" does not appear, it will be far easier to live with having planned for the worst than it would to respond to a fiscal crisis without the benefit of planning.

**Recommendation:** The Governor and the Legislature should initiate a process of long-term fiscal planning and take the necessary action to implement it.

### **Preserving the value of the Permanent Fund**

The Constitution prohibits spending the principal of the Permanent Fund. The Constitution also specifies all investments of the Fund must be "income producing". State law invokes the "prudent investor rule" to assure reasonable and prudent investment of the funds. This is generally accepted as precluding investments in social or infrastructure programs. Statutes further define the type of investments allowed. All earnings of the Permanent Fund are subject to appropriation by the Legislature. The Legislature has provided through statute for the current dividend and inflation proofing programs.

According to expert testimony received, the method of inflation proofing adopted by the Legislature in 1982 will probably fail to protect the Fund principal at some point in the future. Under current practice, dividends are paid before any earnings are added back into the principal for inflation proofing. Since the dividend program formula requires more than 50% of Fund earnings, if the percentage of income needed to offset inflation exceeds 50%, there will be a shortfall in inflation proofing. The present statutes do not allow a shortfall occurring in one year to be recovered in following years nor do they allow for counting unrealized capital gains or losses toward inflation proofing. Failure to inflation proof the fund results in favoring current Alaskans over the future generations. Public testimony clearly favored the concept that current and future Alaskans should benefit equally from the Fund.

**Recommendation:** To resolve this issue the Legislature should reverse the priorities to give inflation proofing first call on earnings, recognizing that adjustments in the averaging periods and the definition of earnings must be made at the same time. The Commission considers this a necessary first step, but an incomplete solution. More comprehensive solutions are offered under the section "Stabilize the Real Earnings of the Fund".

## Retain the Dividend Program

The public overwhelmingly stated that the current economic and social benefits of the dividend distribution program outweigh the need to use Fund earnings for government expenses. Even those who mentioned or suggested use of the earnings to offset falling revenues wanted government spending cut dramatically before any changes were made in the dividend program.

**Recommendation:** In retaining the dividend program, the Legislature should amend the statutes to assure it does not appropriate for the dividend program more than the real earnings of the Fund. Real earnings would equal total returns, including capital gains/losses if desired, less an amount sufficient to offset inflation. A payout floor, cumulative inflation proofing, modification of the averaging formulas or some alternative method should allow the payout to be averaged over time, thus producing a relatively predictable stream of funds.

## Stabilize the Real Earnings of the Fund

Several individuals proposed changes intended to better define the investment goals and strategies of the Fund. Each proposal contained the consistent objective of creating a stable flow of real earnings from the Fund.

One proposal would change the management philosophy of the Fund to a payout rule similar to those used by a number of large endowment funds. This would establish a clear earnings goal for the long term, removing many of the current pressures to use short-term goals and allow a long-term investment policy.

**Recommendation:** The Commission urges the Governor and the Legislature to give timely consideration to the "payout rule" concept.

Another proposal advocated placing all resource revenues directly into the principal of the Permanent Fund and using the real earnings of the Fund as a substantial source of state revenues.

**Recommendation:** This innovative proposal warrants consideration by the Governor and the Legislature.

(A more detailed discussion of the payout rule and resource revenue proposals is contained in Appendices C and D.)

## Educational endowment

The Governor's proposed education endowment engendered lengthy comment and healthy debate before the Commission. People discussed the issues of the Permanent Fund's role, government spending in general, and specifically the level and method of funding education. This issue is now before the Legislature and this appears to be the appropriate forum for deciding upon any proposal to be placed before the voters.

Recommendation: The Commission forwards no specific recommendation on the proposed educational endowment.

## Clean up the statutory language

The Legislature should re-examine all of the current statutes involving the Permanent Fund for consistency and clarity. A clear and precise definition and method of calculating net income should be adopted (in the absence of the adoption of a payout method). There appears to be less than precise use of the terms "fund", "principal", and "Corporation".

For example, A.S. 37.13.010(a) discusses the Permanent Fund and is generally cited as the statutory definition of the principal of the Fund. It is often stated that the balance in the earnings reserve account (ERA) is not part of the principal. However, a reading of A.S. 37.13.010(a)(3) and 37.13.145 "allocates" the ERA which is "in the Alaska Permanent Fund". If the ERA is not part of the "fund", i.e. principal, why are the earnings from the ERA used to calculate dividends? Also A.S. 37.13.140 addresses "net income of the corporation" and A.S. 37.13.040 discusses the "assets of the corporation", while neither of these phrases is defined.

Recommendation: The ambiguities in the existing statutes regarding the Permanent Fund should be clarified.

## Disclose all uses of Fund earnings

The public indicated the dividend program should continue to be an equal distribution to all qualified Alaskans. Testimony was clear that reductions from the dividend checks, other than expenses directly associated with the administration of the dividend program within the Department of Revenue, are not acceptable. There was virtually no support for the "hold harmless", felon gate money, or sexual offender programs being funded from Fund earnings. Many individuals were upset to discover that reductions had been made in the past without being itemized on the check stub. Public testimony strongly suggested that reductions, other than inflation proofing and administrative expenses, should be eliminated.

**Recommendation:** All uses of the earnings of the Fund should be shown on the dividend check stub by listing the total amount of each use.

### In summary

The Permanent Fund is only one element of Alaska's economy. For example, it is not, of itself, the answer to diminishing state revenues. The Fund must be considered and utilized in the context of a total revenue and spending plan. The Commission hopes that this report will help in shaping such a plan and that the public will continue to be recognized as a key participant in the process.

# Appendix A

## Summary report of the questionnaire

The information provided on the following pages is the record of a conversation between the Commission on the Future of the Permanent Fund and individual Alaskans who returned the questionnaire.

It is not intended to be, nor is it, a scientific survey in any way.

## Choices for the Future

# What Do You Think?

To gather public testimony, the Commission on the Future of the Permanent Fund conducted 10 meetings around the state between September 30 and December 9, 1989. As part of this information gathering process, a questionnaire, "Choices for the Future: What Do You Think?" was also made available. This report summarizes the 1,782 responses to this questionnaire that the Commission received as of December 27, 1989.

### The questionnaire

The questionnaire's 11 questions called for a combination of yes-no, multiple choice and open-ended type responses about people's perceptions of the use and purpose of the Permanent Fund. Also requested was the respondent's name, address, phone number and age. Return postage was provided. Confidentiality was not assured.

The Commission began distributing questionnaires at its Saturday, September 30, 1989, meeting in Juneau, and it continued to distribute them through the last meeting held Saturday, December 9, 1989, in Anchorage. The Commission also provided 40 questionnaires to each Alaska city and borough mayor and to each legislator for distribution. Additionally, members of the Commission distributed and collected the questionnaires at other public presentations such as at high schools and senior centers. The 1,782 responses that were mailed back or hand-delivered are summarized in the following sections:

**Who Responded to the Survey?**—presents the geographic and age distribution of the survey respondents and also lists all of the communities that responded and how many questionnaires came from each community.

**Why Do Anything?**—groups those responses dealing with the role of the Permanent Fund and the future Alaskan economy.

**How Should We Use the Fund's Income?**—these questions address people's opinions on alternative uses of the Permanent Fund earnings.

**What Are Some Other Issues?**—is an open-ended question in which a variety of other issues and opinions were presented by the respondents.

The summarized responses to the survey questions are presented in the following pages.

# Who responded to the survey?

1,782 Alaskans from more than 125 communities completed and returned the questionnaire. Communities represented ranged from Anchorage, which has about half of the state's population, to Bettles, whose 1989 population was 55 residents. For purposes of this report, "Regional Centers" are those communities listed as having 1989 populations of 1,500 or more; "Bush Alaska" are those communities having 1989 populations of less than 1,500 residents.

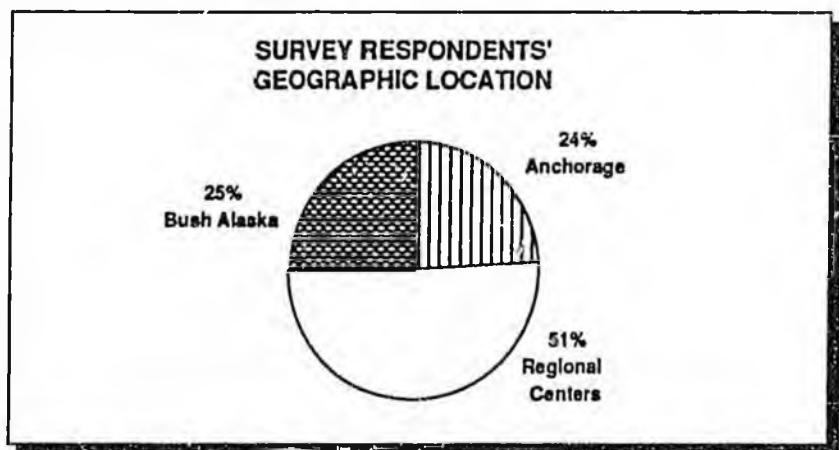
Regarding the age distribution of the respondents, the category "17 and under" was primarily composed of high school age students who completed a survey as a result of their participation in a public presentation about the Permanent Fund. A detailed break-out of the questionnaire responses is available by referring to: Tabulated Survey Results of the Questionnaire "Choices for the Future: What Do You Think?" Parts A and B.

## Geographic distribution of respondents

409—Anchorage

896—Regional Centers

440—Bush Alaska

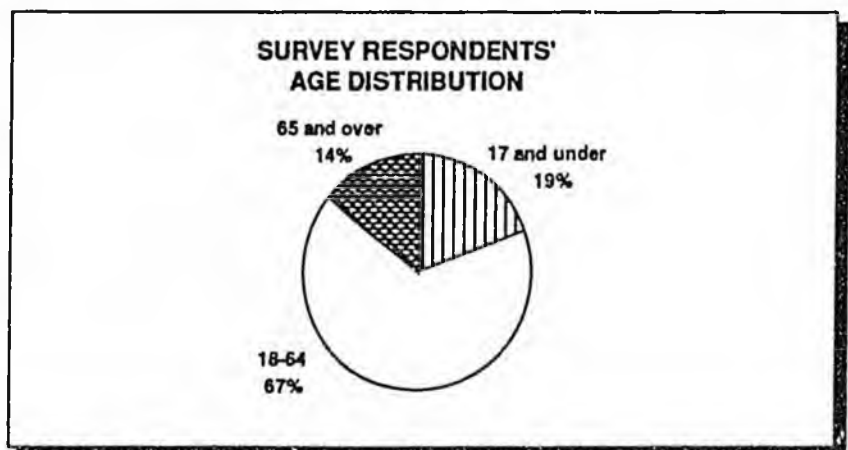


## Age distribution of respondents

268—Age 17 and Under

924—18 to 64

191—Age 65 and Above



## Responding communities

The following communities participated in the "Choices for the Future: What Do You Think?" survey. The number of questionnaires received from each community is listed in brackets.

Akiachak [1]	Gakona [5]	Port Bailey [2]
Anchor Point [1]	Galena [4]	Port Lions [1]
Anchorage [373]	Girdwood [3]	Quinhagak [1]
Angoon [1]	Glennallen [8]	Rampart [1]
Aniak [1]	Goodnews Bay [1]	Ruby [1]
Auke Bay [10]	Grayling [4]	Russian Mission [1]
Barrow [98]	Gustavus [14]	Salcha [2]
Bethel [31]	Haines [17]	Savoonga [2]
Bettles [5]	Healy [7]	Scammon Bay [2]
Big Lake [1]	Homer [16]	Seldovia [3]
Brevig Mission [1]	Hoonah [1]	Seward [3]
Cantwell [12]	Houston [4]	Shaktolik [3]
Chalkyitsik [3]	Huslia [3]	Sitka [3]
Chefornak [2]	Juneau [119]	Skagway [11]
Chevak [2]	Kasilof [2]	Slana [1]
Chickaloon [3]	Kenai [37]	Soldotna [42]
Chignik [5]	Ketchikan [6]	St. Mary's [1]
Chuglak [7]	Kipnuk [4]	St. Michael [1]
Clear [2]	Kivalina [1]	Stebbins [4]
Cold Bay [3]	Kodiak [16]	Sterling [8]
College [3]	Kotlik [4]	Sutton [2]
Copper Landing [1]	Kotzebue [5]	Takotna [2]
Copper Center [7]	Koyuk [1]	Talkeetna [1]
Cordova [5]	Manley Hot Springs [20]	Tanana [1]
Craig [6]	Marshall [4]	Tatitlek [2]
Deering [1]	McGrath [9]	Tenakee Springs [5]
Delta Junction [9]	Moose Pass [1]	Thorne Bay [1]
Denali Park [8]	Menana [40]	Tok [14]
Dillingham [8]	New Stuyahok [1]	Unalakeet [9]
Dot Lake [3]	Nightmute [1]	Unalaska [4]
Douglas [5]	Nikiski [3]	Valdez [7]
Dutch Harbor [1]	Nome [81]	Wainwright [1]
Eagle [17]	North Pole [29]	Wales [6]
Eagle River [36]	Nutqsut [2]	Ward Cove [1]
Edna Bay [13]	Nulato [2]	Wasilla [34]
Eielson AFB [1]	Nunapituk [5]	Whale Pass [2]
Elfin Cove [4]	Palmer [47]	White Mountain [1]
Emmonak [3]	Paxson [6]	Whittier [9]
Ester [2]	Petersburg [3]	Wrangell [6]
Fairbanks [296]	Point Baker [8]	Unidentified Locations [38]
Fort Richardson [1]	Port Alexander [1]	
Fortuna Lodge [1]	Port Alsworth [5]	

# Why do anything?

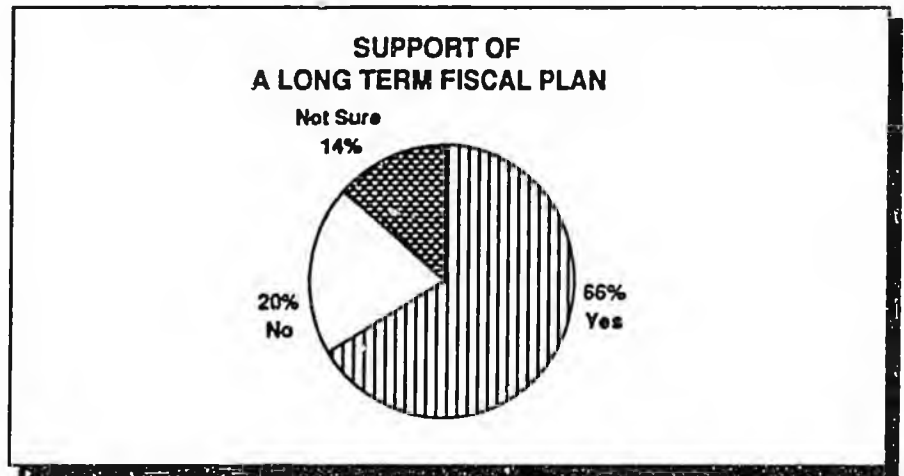
This section groups the responses to the survey questions dealing with the role of the Permanent Fund and the future Alaskan economy.

**Q-Do you believe it is necessary to draft a long-term fiscal plan that defines the role of the Permanent Fund in Alaska's economic future?**

1103—Yes

338—No

223—Not Sure

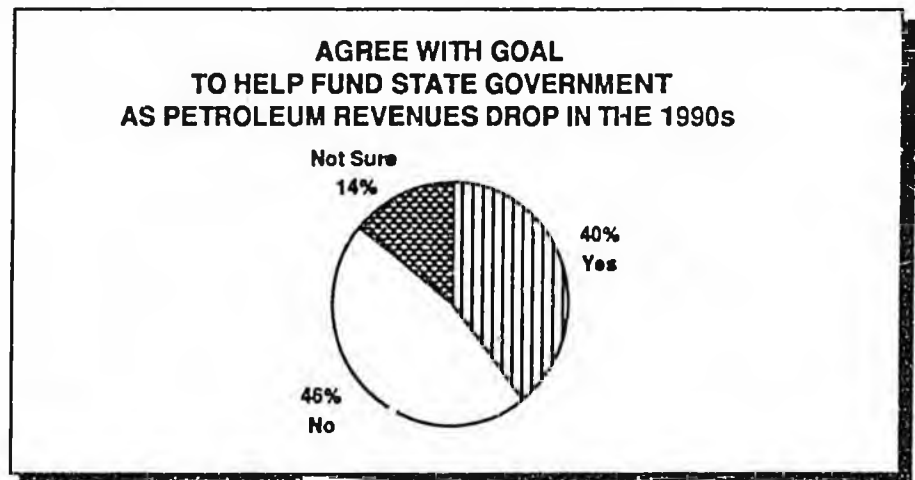


**Q-The Permanent Fund was established in 1976. One of its goals was to help state government as petroleum revenues dropped in the 1990s. Do you agree with this goal?**

675—Yes

793—No

242—Not Sure



**Q-Although there are many variations possible for matching long-term expenditures with long-term revenues, they really boil down to some basic choices. All will require reducing the level of public services and all will require sacrifices. Check the one you prefer.**

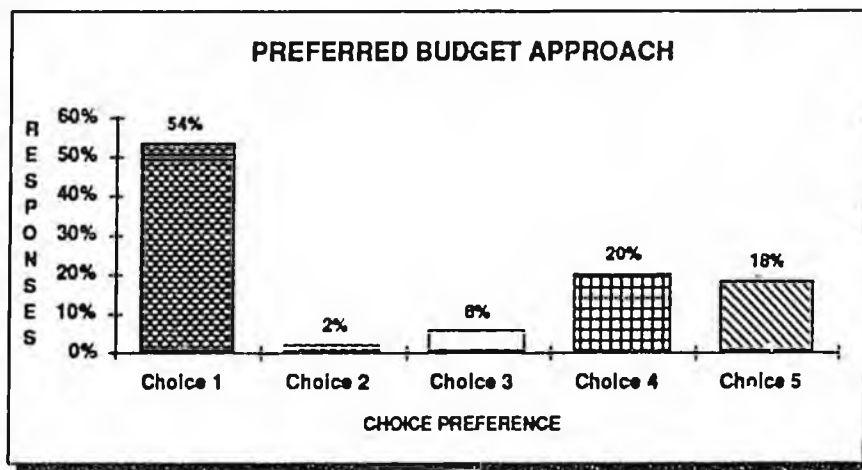
**922— Cut spending dramatically, don't raise taxes, don't change the current uses of Fund income. (Choice 1)**

**36— Maintain current spending, raise taxes, use all of the Fund's income to support governmental services. (Choice 2)**

**99— Cut the budget gradually, don't raise taxes, use all of the Fund's income and some of its principal to support government services. (Choice 3)**

**352— Cut the budget gradually, raise taxes, use a portion of Fund income to support government. (Choice 4)**

**316— Other (Choice 5—the terms "cut the budget" and/or "don't raise taxes" were present in more than 50% of the responses to this choice.)**



**Q-What role do you think the Permanent Fund should play in Alaska's economic future?**

A total of 1,343 responses were submitted to this open-ended question; Anchorage, with 296 responses, and Fairbanks, with 225 responses, being the most numerous. The following is a sampling of those individual comments (as submitted):

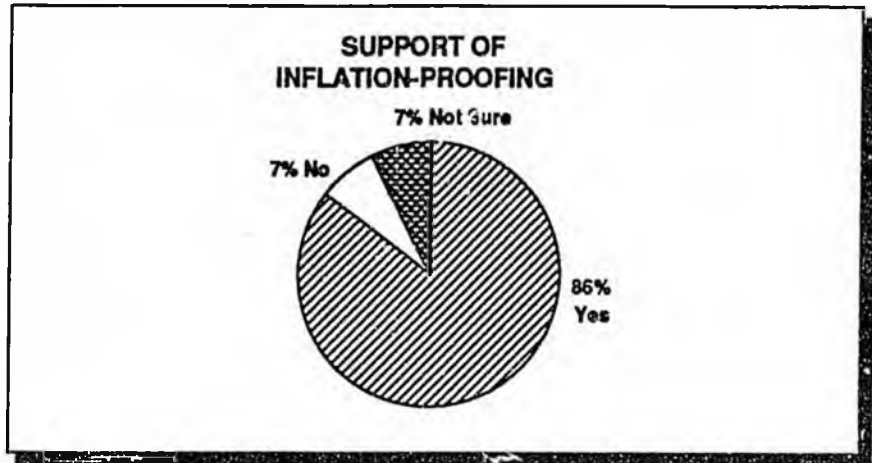
- |  |  |
|--|--|
| Location Unknown--"a moderate role"  | Fairbanks--"let people spend their Perm Fund money as they wish"   |
| Anchorage--"as oil revenues decline, help support state government which would have a stabilizing effect on the economy" | Fairbanks--"savings account for the future & as a (goal) for local economy let the people spend not special interest group by legislature" |
| Anchorage--"fill in our budget where we can not meet expenses"   | Fairbanks--"we want it ourselves"  |
| Anchorage--"Alaskans of all ages, augment affordable adequate health care, continue to pay a modest yearly dividend"     | Healy--"continue dividend program as it stands now and government keep their hands out of it"  |
| Anchorage--"no (keep it) the way it is"  | Juneau -"give out more money"  |
| Anchorage--"security for our senior citizens, sustained economic development, insure quality education"                  | Juneau--"stabilization after Prudhoe Bay, use income for state services"   |
| Anchorage--"the same as it is today"   | Ketchikan--"pay dividends to individuals"  |
| Barrow--"a big one"  | McGrath--"continue paying dividends"   |
| Big Lake--"it will do more good in the people's hands than anywhere"   | Nome--"a very big part"  |
| Copper Center--"pay dividends.....build interest"  | North Pole--"continue personal dividends/capital improvement projects out of profits only"   |
| Eagle--"give money through dividends to the people to help the local economy"  | Palmer--"pay dividends"  |
| Edna Bay--"the same as currently it does"  | Savoonga--"emergencies like as floodings, earthquakes, housings, etc."   |
| Fairbanks--"dividend disbursal only"   | Soldotna--"it should remain the same as long as it is possible"  |
| Fairbanks--"also inflation proof"  | Unalakleet--"help support education"   |
|  | Wasilla--"none"  |

**Note:** The 1,343 responses resulted in 56 pages of computer output. To obtain the above sampling, the first response on every other page was selected. This resulted in the 29 responses listed above. Minor editing of individual responses is contained in parentheses. A detailed break-out of the questionnaire responses, including all submitted survey comments, is available by referring to: Tabulated Survey Results of the Questionnaire "Choices for the Future: What Do You Think?" Parts A and B.

# How should we use the Fund's income?

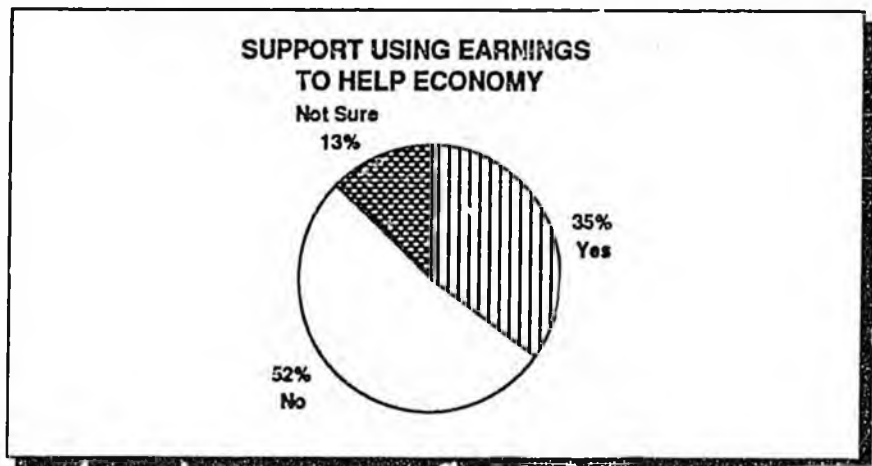
**Q**-State law requires that enough of the income from the Permanent Fund be put back into the Fund to counteract inflation. Do you support continuing "inflation proofing"?

1,496—Yes  
122—No  
128—Not Sure



**Q**-Do you believe that earnings from the Permanent Fund should be used to help the economy during times of economic recession?

599—Yes  
891—No  
216—Not Sure



**Q-What do you think is the principal purpose of the Permanent Fund earnings?**

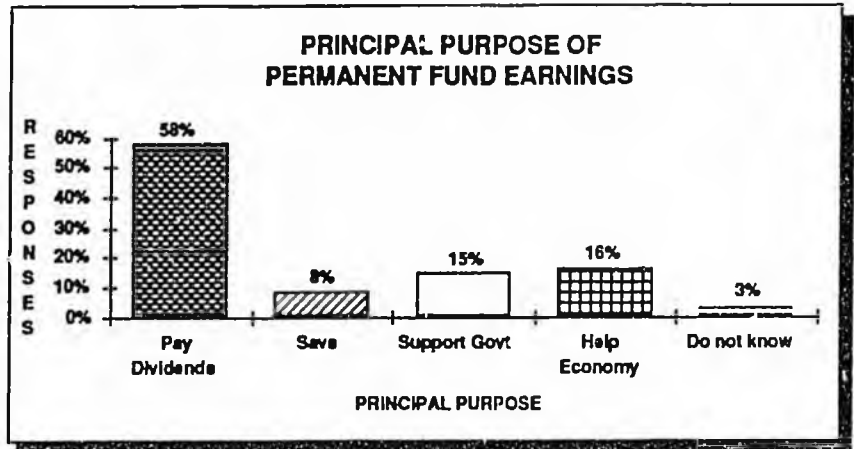
925—Pay Dividends

124—Save for a rainy day

231—Support government when oil revenues decline

260—Help the economy during periods of economic decline

46—Do not know



**Q-Would you consider using the Fund's earnings for one or more of the following?**

Budget Stabilization Fund

431—Yes

1133—No

Educational Endowment

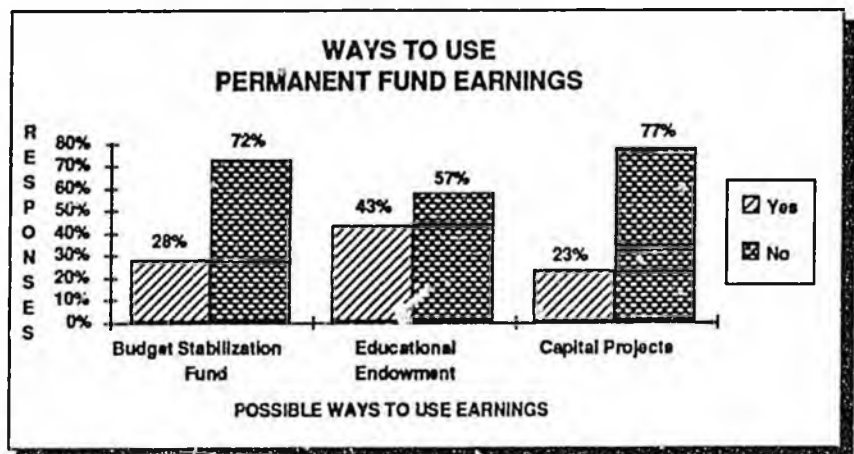
703—Yes

932—No

Capital Projects

363—Yes

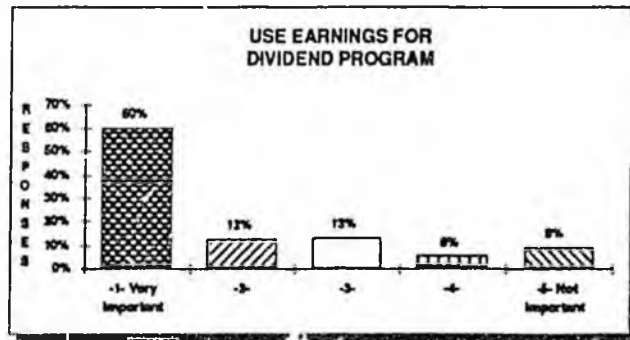
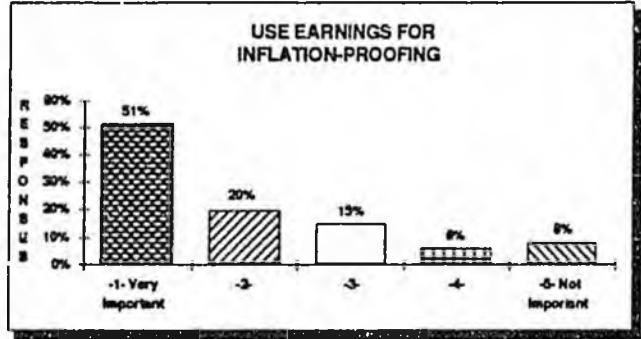
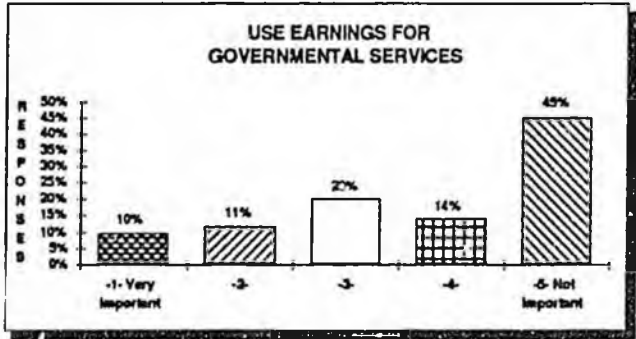
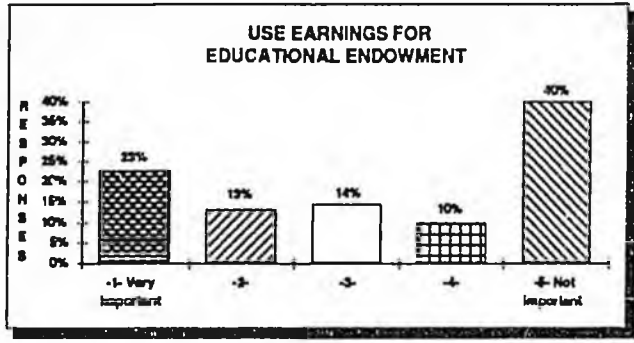
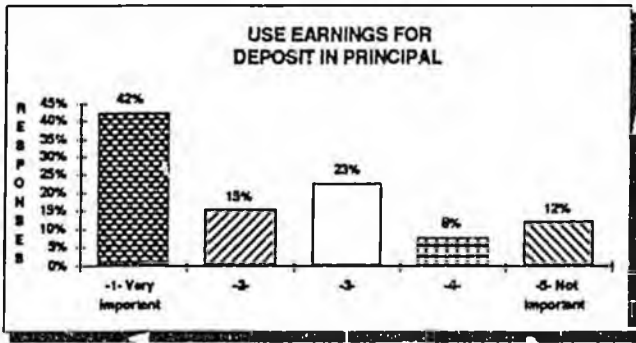
1212—No



**Q-On a scale of 1 to 5 how important to you is each of the following uses of the Permanent Fund earnings. For each use circle 1 to indicate very important, 5 for not important.**

Very Important <-----> Not Important

Deposit in Principal	1-701	2-255	3-373	4-127	5-203
Governmental Services	1-159	2-188	3-334	4-229	5-745
Inflation Proofing	1-875	2-336	3-248	4-102	5-137
Dividend Program	1-1037	2-214	3-224	4-94	5-154
Educational Endowment	1-378	2-219	3-238	4-164	5-658



## Q-How do you use your dividend check?

A total of 1,606 people responded to this question. The following is a sampling of their responses (as submitted):

Location Unknown--"any way I want to "	Fairbanks--"taxes"
Anchorage--"charity contributions & education fund"	Goodnews Bay--"pay credit"
Anchorage--"gift to charities (local)"	Homer--"the last two bought me a new Maytag washer-dryer"
Anchorage--"living expenses & helping family members who are ill"	Juneau--"now it is in savings and it will be used to pay for my college education"
Anchorage--"reduce family debt"	Kenai--"bills & buying things I need"
Anchorage--"spend on bills & other important things"	Kenai--"basic necessities of life. It helps out our otherwise low income"
Barrow--"airline ticket out of Barrow"	Kodiak--"Xmas, major purchases"
Barrow--"to catch up with my bills"	Moose Pass--"for my education"
Chalkyitsik--"for emergencies, paying bills, rent and food/I thank you!"	Nome--"I save it for college"
Delta Junction--"buy food, gas, oil, heat, electricity"	North Pole--"no comment"
Eagle River--"for vacation"	Palmer--"save it"
Fairbanks--"buy clothing for cold weather"	Scammon Bay--"spend them"
Fairbanks--"I use it for Little Leaguers baseball"	Soldotna--"savings & spending in Alaska"
Fairbanks--"pay property taxes"	Tok--"no comment"
	Wrangell--"pay taxes"

**Note:** The 1,606 responses resulted in 54 pages of computer output. To obtain the above sampling of responses, the first response on every other page was selected. This resulted in the 29 responses listed above. Minor editing of individual responses is contained in parentheses. A detailed break-out of the questionnaire responses, including all submitted survey comments is available by referring to: Tabulated Survey Results of the questionnaire "Choices for the Future: What Do You Think?" Parts A and B.

# What are some other issues?

## **Q-What other issues, concerning the Permanent Fund, would you like the Commission to consider?**

A total of 844 people offered comments to this portion of the questionnaire. The following is a sampling of their responses (as submitted):

Location Unknown--"Natives-good throughout the U.S."

Fairbanks--"what is it doing for the economy?"

Anchorage--"Bonus can be made annually"

Healy--"leave it alone"

Anchorage--"if the state is allowed to dip into the fund it will reduce the drive for the state to find other sources of income"

Juneau--"none"

Kodiak--"do not use it for the longevity fund. Those people get enough income. Drop the longevity"

Anchorage--"oil revenues"

Nenana--"constitutional amendment establishing dividends - inflation proofing"

Anchorage--"where taxes are referred to I would assume you mean a state income tax"

Nome--"the yearly dividend should give applicants choice of accepting their dividend or designating it to another purpose"

Bethel--"will there be other economic sources in the future"

Copper Center--"higher dividends"

Palmer--"protective legislation from governmental spending projects, long-term Alaska residents retirement fund"

Eagle--"none"

Fairbanks--"amount of dividend that goes to federal taxes"

Shaktoolik--"fisheries on Norton Sound, roads connecting to rural villages, as it is cost of airfare is outrageous"

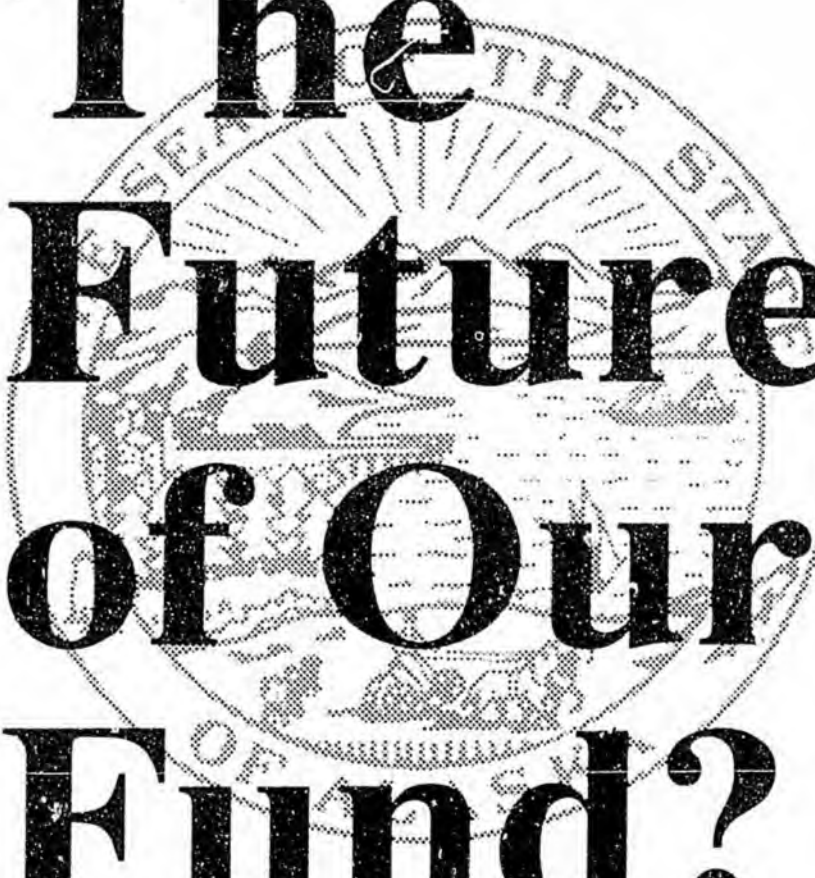
Fairbanks--"increasing our dividend check for each year of fund maturity"

Tenakee Springs--"keep the 'would be' raiders away from the fund"

Fairbanks--"Permanent Fund earnings should benefit all Alaskans not those primarily who have political clout to direct it to Anchorage sectors"

Wasilla--"leave it alone"

**Note:** The 844 responses resulted in 41 pages of computer output. To obtain the above sampling of responses, the first response on every other page was selected. This resulted in the 21 responses listed above. A detailed break-out of the questionnaire responses, including all submitted survey comments, is available by referring to: Tabulated Survey Results of the Questionnaire "Choices for the Future: What Do You Think?" Parts A and B.

The seal of the Department of the State of New York is visible in the background, featuring a sunburst at the top, a central figure, and the text "DEPARTMENT OF THE STATE OF NEW YORK" around the perimeter.

# The Future of Our Fund?

*How should we use it?  
What should it become?*

***We want your opinion!  
Survey enclosed***

From the Commission on the Future of the Permanent Fund

# The Mission :

## Public Involvement

The Commission on the  
Future of the Permanent  
Fund will listen to Alaskans.

The Commission on the Future of the Permanent Fund was established by the 1989 Legislature "to gather public testimony concerning the Permanent Fund and to report its findings . . . to the Governor and the Legislature."

To gather public testimony, the Commission has scheduled town meetings around the State (see schedule on page 8). In addition to collecting information, the Commission, along with members of the Alaska Permanent Fund Corporation and the administration, will respond to any questions about the Fund.

---

*...the Commission has scheduled  
town meetings around the State.*

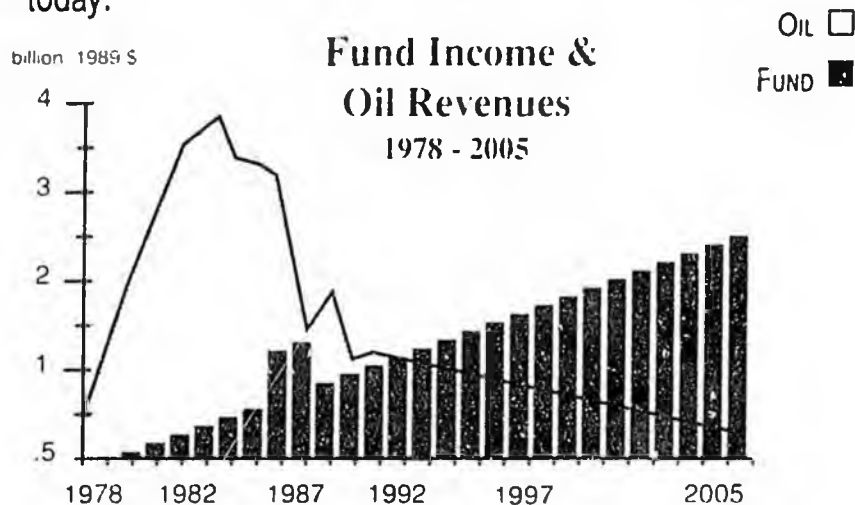
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The Commission must submit its report to the Legislature and the Governor by February 1, 1990.

The Commission consists of nine members - three members of the public, two state senators, two state representatives, the Chairman of the Board of Trustees of the Alaska Permanent Fund Corporation, and the Commissioner of the Department of Revenue.

# Why Do Anything?

Oil, the economic engine that built the Permanent Fund, and the Alaska economy, is in a state of decline. The price of oil has dropped sharply and Prudhoe Bay production will begin to fall by the early '90s. Production in 2000 will be only half of what it is today.



If state general fund spending stays at the current level of \$2.25 billion (in 1989 dollars), we face a fiscal gap - the difference between current spending and projected revenues - that could soon grow to \$1 billion annually.

The Commission believes that action is necessary and that this can best be accomplished by involving the citizens of Alaska in drafting a plan that looks at the larger picture of Alaska's economic future, and the role the Permanent Fund can play in the future.

---

*There are tough choices before us,  
doing nothing is not one of them!*

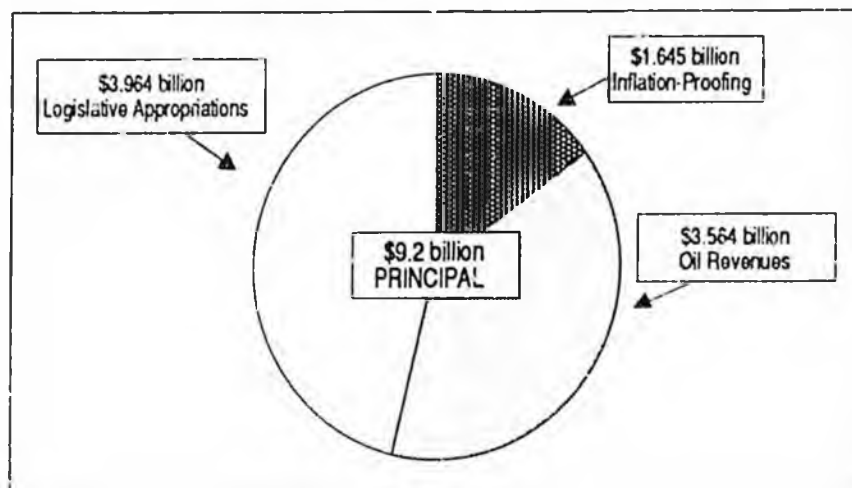
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# How the Fund Has Worked

**ALASKA CONSTITUTION:** Article IX. Section 15. ALASKA PERMANENT FUND. At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income producing investments specifically designed by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

## Sources of Fund Growth

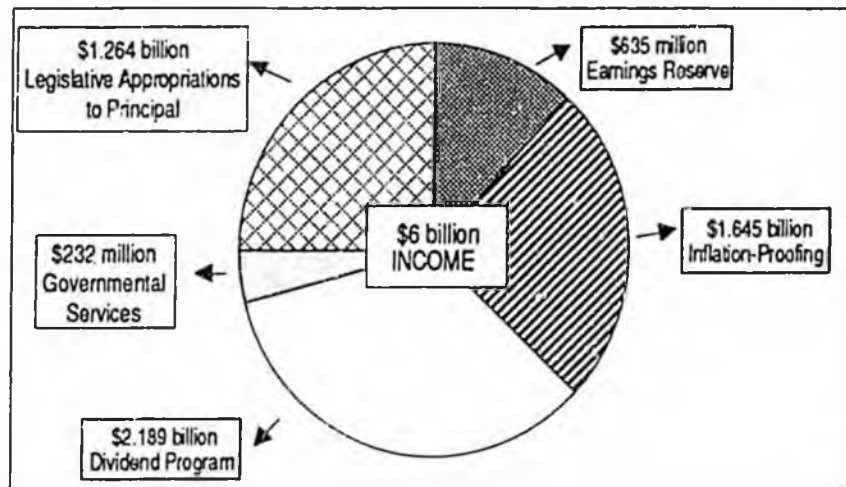
The Permanent Fund's principal – now about \$9.2 billion – comes from three sources: (1) oil revenues (2) money transferred to help inflation-proof the Fund; and (3) special legislative appropriations.



Page 4

## Uses of Fund Income

The Fund has earned about \$6 billion since 1977. \$1.6 billion of this has been returned to the principal to keep its real value from shrinking because of inflation.



The largest share of the income has gone into the dividend program, \$2.2 billion to date.

Any income remaining after inflation-proofing and dividends is put in an earnings reserve account and is available for appropriation by the Legislature. Legislatures have appropriated \$232 million into the general fund and have returned \$1.3 billion to the principal. The reserve account now contains \$635 million.

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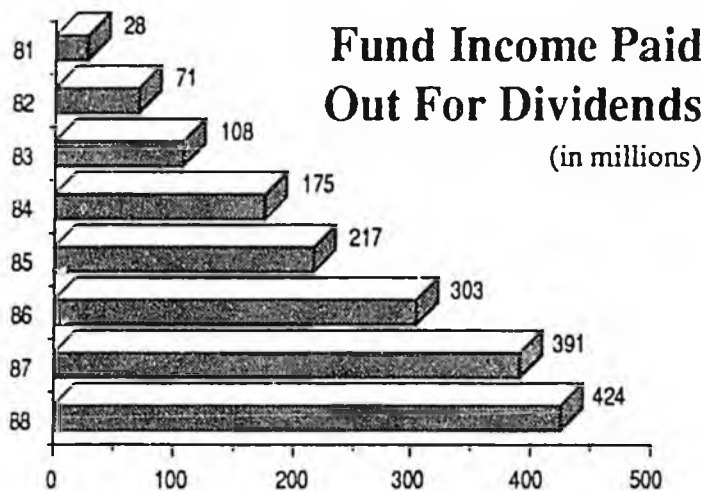
*Any income remaining after inflation-proofing and dividends ... is available for appropriation by the Legislature.*

---

## The Dividend Program

Dividends are decided by a formula: (1) add together the Fund's net income for the last five years; (2) multiply that number by 21%; and (3) divide the resulting number by half.

*Under current law, dividends will take roughly half of all future earnings and inflation-proofing will take the rest.*



Under current law, dividends will take roughly half of all future earnings and inflation-proofing will take the rest. It's not expected that there will be any money left over for other uses. If the Permanent Fund is ever to produce an income for some other purpose, it will have to come from either dividends or inflation-proofing.

## Inflation-Proofing

*The Fund's future growth will depend most heavily on the contributions made by inflation-proofing...*

Inflation-proofing protects the real value of the Fund by requiring an automatic reinvestment of income each year to offset the effect of inflation.



The amount to be used for inflation-proofing is determined by multiplying the Fund's June 30 principal balance by the average annual inflation rate. If there is to be future growth of the Fund's principal, it will depend most heavily on the contributions made by inflation-proofing, due to the future decline of oil revenues.

# Town Meetings Scheduled Statewide

The Commission has scheduled town meetings around the state to give as many citizens as possible a chance to express their views.

Anchorage	Saturday, October 14
Anchorage	Saturday, December 9
Barrow	Saturday, October 7
Bethel	Saturday, October 21
Fairbanks	Saturday, November 18
Juneau	Saturday, September 30
Juneau	Saturday, November 25
Kenai	Saturday, November 11
Ketchikan	Saturday, October 28
Nome	Saturday, November 4

Each hearing will be teleconferenced in its region of the state. Members of the public are encouraged to go to their nearest Legislative Information Office.

## The Commissioners

*Boucher, "Red"	Representative	561-7624
Burke, Susan	Public Member	586-2777
Faiks, Jan	Senator	561-7610
Frank, Steve	Senator	452-3421
Kelsey, John	Permanent Fund Corp.	835-4337
Malone, Hugh	Commissioner of Revenue	465-2300
Martin, Terry	Representative	561-2035
Parrish, Lance	Public Member	456-4070
Van Amburg, David	Public Member	562-7753
*Chair		

**For more information or to send written testimony, write:**  
Commission on the Future of the Permanent Fund, 3111 C  
Street, #445, Anchorage, AK 99503. Or call: 561-3036.



*Choices for the Future*

# What Do You Think?

- Do you believe it is necessary to draft a long term fiscal plan that defines the role of the Permanent Fund in Alaska's economic future?  
 Yes       No       Not Sure
  
- What role do you think the Permanent Fund should play in Alaska's economic future?  
\_\_\_\_\_  
\_\_\_\_\_
  
- What do you think is the principal purpose of the Permanent Fund earnings? Please check one.  
 Pay Dividends  
 Save for a rainy day  
 Support government when oil revenues decline  
 Help the economy during periods of economic decline  
 Do not know  
 Other

**We want your opinion!  
Survey enclosed**

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UNITED STATES



● State law requires that enough of the income from the Permanent Fund be put back into the Fund to counteract inflation. Do you support continuing "inflation-proofing"?

Yes  No  Not Sure

● Do you believe that earnings from the Permanent Fund should be used to help the economy during times of economic recession?

Yes  No  Not Sure

● Would you consider using the Fund's earnings for one or more of the following?:

Budget Stabilization Fund  Yes  No

Educational Endowment  Yes  No

Capital Projects  Yes  No

● The Permanent Fund was established in 1976. One of its goals was to help fund state government as petroleum revenues dropped in the 1990s. Do you agree with this goal?

Yes  No  Not Sure

II

● How do you use your dividend check?

\_\_\_\_\_

\_\_\_\_\_

No Comment

● Although there are many variations possible for matching long-term expenditures with long-term revenues, they really boil down to some basic choices. All will require reducing the level of public services and all will require sacrifices. Check the one you prefer.

Cut spending dramatically, don't raise taxes, don't change the current uses of Fund income.

Maintain current spending, raise taxes, use all of the Fund's income to support governmental services.

Cut the budget gradually, don't raise taxes, use all of the fund's income and some of its principal to support government services.

Cut the budget gradually, raise taxes, use a portion of Fund income to support government

Other \_\_\_\_\_

III

● On a scale of 1 to 5 how important to you is each of the following uses of the Permanent Fund earnings. For each use circle 1 to indicate very important, 5 for not important.

Deposit in Principal	1	2	3	4	5
Governmental Services	1	2	3	4	5
Inflation-Proofing	1	2	3	4	5
Dividend Program	1	2	3	4	5
Educational Endowment	1	2	3	4	5
Other _____	1	2	3	4	5



● What other issues, concerning the Permanent Fund, would you like the Commission to consider?

\_\_\_\_\_

*Please provide us with the following information so we can send you our final report.*

(PLEASE PRINT)

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zip Code \_\_\_\_\_

(H) Phone: \_\_\_\_\_ (W) Phone: \_\_\_\_\_

Age \_\_\_\_\_

IV



# Appendix C

## Protecting the Integrity of the Fund

AS 37.13.020 provides for the following goals for the Fund's investments: benefits for all generations of Alaskans, maintaining safety of the principal, maximizing total return, and providing for maximum use of disposable income. The statutes do not rank these goals in any order of priority and they tend, at times, to operate at cross purposes.

This leads to the following problems:

- 1) Existing state statutes provide that net income "Must be computed...in accordance with generally accepted accounting principles, excluding any unrealized gains or losses." This computation does not measure the total return on the Fund.
- 2) Subjecting each year's income to appropriation destroys the averaging concept that is called for in the statute.
- 3) Putting "income available for distribution" at a higher level than the average net income itself is fundamentally inconsistent.

These problems are combined with the difficulties in protecting the principal of the Fund from inflation under the present law.

This situation creates confusion over what the potential of the Fund to produce earnings really is. It increases the chance that Fund principal will not be preserved over time. It puts the Fund managers at a serious disadvantage in optimizing investments.

The problem to be solved is how to (1) preserve the real value of assets placed in the Permanent Fund, (2) pay out good, consistent earnings, and (3) not disrupt or distort investment decisions in order to achieve (1) and (2).

One solution is a payout rule, developed at Harvard in the 1960s and since adopted in one form or another by various endowments and trusts. In its simplest form, a payout rule involves spending or "paying out" each year a percentage of the market value of the assets. Market value is averaged over a number of years to provide stability in the "payout".

The percentage paid out should be no more than the long-term real earnings of the Fund on a total return basis; that is, the increase in the value of all funds under management, including interest, stock dividends, other cash receipts and net capital gains and losses, both realized and unrealized.

Determining the specific percentage for a "payout rule" would involve a decision on the risk-versus-return by the Legislature.

Advantages of the payout rule approach are that it is clear, simple and consistent with a long-term investment strategy.

# Appendix D

## Stabilizing a resource-based economy

The Constitution states that at least 25% of certain non-renewable resource revenues will be placed directly into the principal of the Permanent Fund. By statute, the Legislature increased this to 50% after December 1, 1979, for lease income and after February 15, 1980, for bonuses. The balance of all resource revenues flows directly into the general fund for appropriation by the Legislature.

The Commission heard substantive testimony regarding a proposal that would result in all revenues generated by non-renewable resources being deposited directly into the Permanent Fund. All earnings of the Fund would continue to be appropriable by the Legislature as under current statutes.

This would have the effect of stabilizing the flow of revenue into the general fund over time and thus would indirectly protect Alaska's economy from the wild boom and bust cycles historically tied to our non-renewable resources such as gold and oil. Given another "oil boom", such as we may see from the proposed gas pipeline, the Fund could conceivably grow to a size capable of producing earnings that could support a substantial portion or even all of state spending.

Until such time, the Fund earnings, renewable resource revenues, and taxes would continue to fund the state.

While this proposal would have been completely painless to implement prior to the current oil boom and the concurrent increases in state spending levels, it would be very difficult to implement now without a carefully considered and implemented transition plan. Such a plan would undoubtedly have to rely upon a combination of reducing spending and anticipating (waiting upon) a future "boom".

Alaskans would have to weigh their commitment to the long-term goal of stabilizing the economy of Alaska against the short-term difficulties in implementing this concept. This proposal also assumes non-renewable resources should benefit both current residents and future generations.

A successful transition to this concept would remove substantial elements of doubt and uncertainty regarding future state revenues and the health of Alaska's economy.

■ Education helps individuals to win, too. With a good education, a person has increased opportunity for self-sufficiency and productivity. Those who can't compete require more public assistance and become a drag on the economy.

■ A stable economic environment in Alaska requires state fiscal stability. This connection -- in the reverse -- was amply illustrated in 1986 and 1987. The Education Fund offers stability for a priority program. It is a long-term solution, not another short-term, stop-gap measure.

## The Choice

Alaskans can either pay for the education system every year, year after year, or make a 15-20 year investment which will provide school funding well into the 21st century. The Education Fund is an investment with high rates of return for our children and grandchildren, our communities, our economy, and Alaska.

---

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and Alaska's  
**Business**  
**Community**

# The Education Fund

House Joint Resolution 13 (HJR 13) proposes a constitutional amendment to establish an Education Fund within the Permanent Fund. The Education Fund would be built up by depositing 40 percent of Permanent Fund earnings back into the principal for fifteen years. Future interest earnings on these deposits will fund Alaska's public elementary and secondary education.

## Education: A constitutional mandate

Alaska's public school system is mandated by our Constitution, but funding is not constitutionally guaranteed. As oil production declines and oil prices remain volatile, the Education Fund will replace lost oil dollars necessary for the state to meet its constitutional obligation.

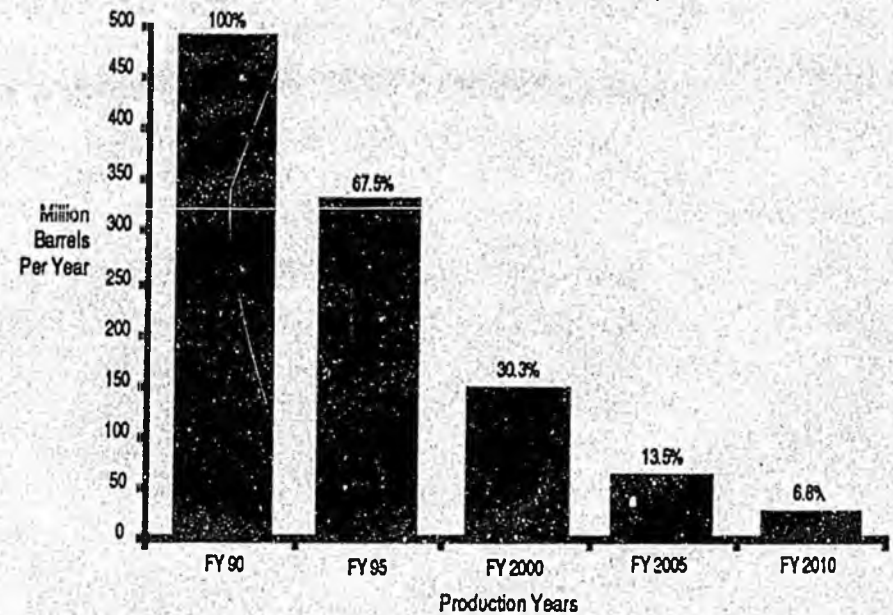
## Alternatives

Because of the young population in Alaska, total education costs are increasing, even though Alaska's state expenditures per pupil have declined since 1984. Today, over one-fourth of the general fund budget -- about \$600 million annually -- goes to Alaska's public elementary and secondary schools. In the organized boroughs, the state pays about 80 percent of the cost. If the state cannot continue its current share of funding, the alternatives are increased reliance on local property taxes and business taxes.

## Education dollars and the economy

Education dollars work in local economies as teachers, administrators, and local support staff buy groceries, drive cars, and pay mortgages. The 17,000 public school employees number more than twice the workforce of the oil industry. In rural Alaska, schools provide as much as half of the village payroll. The monthly statewide payroll for school district employees is about \$3.5 million. Unlike some appropriations, education dollars are distributed statewide rather than going to a single region or town. Thus, education reductions as a result of declining revenues have serious implications for local economies and affect the entire state's economic health.

Decline of Oil Production at Prudhoe Bay  
(FY 90 Production = 100 Percent)



## The education fund and economic development

- Good schools attract new industry and expanded employment. Educational quality and community support for schools are factors firms use in making business location and expansion decisions. Other states realize this and spend, on average, a larger share of their total state budget on public education than Alaska does.
- A stable tax environment is another key factor in encouraging new business and industry. The Education Fund, by providing a long-term, consistent revenue base for the state's largest single expenditure, can reduce the likelihood of sudden changes in the tax structure.
- Educated, literate employees help firms maintain a competitive edge. Without stable funding, our schools may not be able to produce the quality workforce required to win in a sophisticated and increasingly technological world.

1090

14 Notes AB-37

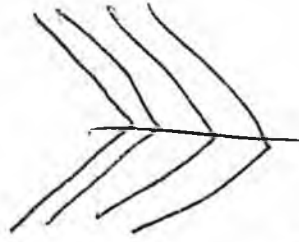
Rep. Cheri Davis

Long Bonus

May Halloran  
Veronica Stajer

Ralph  
Gregory  
②

Constitutional  
Yearly up -  
Guaranteed Level -  
Stability



① What level - -

~~Now Oral Freedom over a Senator~~

Adj's Mill rate →

Head Start / Cradle School  
To Voters - How to spend \$'s

This way or some other way -  
Penna - coal mine  
Not need basis -

direct - cuts -  
increase -

- Shirley -  
Staff Democrat

- John -

Hughes  
Wages

Alabama

Projections - Guesses - 1 Billion

Adequate Funding

- School debt Retirement.
- K-12 (Pre school)

Anna Bell Stevens  
Academic Decathlon.

Earnings of the Fund -

Basic Ed.



Top priority is now ed.

People aren't selfish - no reluctance  
me first

give away programs -  
1% salary increase  
replant in spec ed.

Perf. Arts Bldg  
Long. Board

Social Stud Trade -

John Dent -

Rat Net - Public Budget  
AC ~~Sheet~~ XI

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Abbe Hurley (Mr McCoy)

Misconceptions → Refund to Gov's Plan

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Competitive arena

Line item veto

Sch Dnt - Ability to Tax

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Dale Teacher dips into pocket =

file

note

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

# Alaska Public Affairs Journal

with Alaska Industry Quarterly Review

Winter 1990 • Price \$4.50

## Governor's Race 1990

Hang on to your checkbooks - they're at it again! Who's who -- so far -- in the 1990 campaign for governor. By Cathy Allen

### The Education Endowment: Why we need it.

Reserving Permanent Fund income for schools makes sense. By Gov. Steve Cowper

### Why the Endowment is a bad idea

Setting off schools into a separate fund is poor public policy. By Rep. Steve Reiger

### Mining: New technology stimulates new development

Technological innovation and better markets are behind the renaissance of Alaska mining. By Tim Bradner

### Timber vs. tourism in the Susitna Valley: Are they incompatible?

Hopes for a new timber industry collide with a growing recreation and tourism industry. By Loisann Reeder

### The Mat-Su Forest: Use it or lose it.

Timber and tourism can co-exist; we can do it right. By Budd Goodyear



University of Alaska Southeast

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UNITED STATES DEPARTMENT OF EDUCATION  
THE SECRETARY

FOR RELEASE: 11:00 A.M. (EDT)  
Wednesday, May 3, 1989

Contact: John Bertak  
(202) 732-4576

LAURO F. CAVAZOS  
U.S. SECRETARY OF EDUCATION

REMARKS PREPARED FOR DELIVERY AT PRESS CONFERENCE  
ON  
1989 STATE EDUCATION PERFORMANCE CHART

Horace Mann Learning Center  
Washington, D.C.

May 3, 1989

I am here today to present to you the Department of Education's sixth annual State Education Performance Chart.

I regret to have to report that this year our students' performance has been stagnant. The good news is that the schools are not worse; the bad news is that we also are not making progress. We are standing still, and the problem is that it's been this way for three years in a row. And, frankly, this situation scares me, and I hope it scares you, too.

Although this nation will invest more than \$199 billion in elementary and secondary education this school year, increases in spending for our children's education are not matched by improved performance. For example, we are already spending more money per student than our major foreign competitors, Japan and Germany. And yet our students consistently fall behind the competition in comparative testing. Looking at virtually every qualitative measure -- college entrance exams, graduation rates, the National Assessment of Educational Progress, and international assessments -- we see our students performing minimally, lacking the advanced skills needed to

succeed. This deplorable fact further underscores my belief that money alone is not the answer to our education deficit. Since 1982, we've seen per pupil spending rise from \$3,165 to \$3,977, a 26 percent increase. And that is in real terms, adjusted for inflation. So what I want to do this morning is share with you the Chart's general findings and then discuss with you the goals we must set and the actions I believe we must all take -- right now -- to get this country moving ahead in educational achievement.

Scores on college entrance exams are still substantially lower than they were in the 1960's. The 1988 SAT scores are down two points, to 904, while in 1972 they were 937. The ACT scores are up by only one-tenth of one point, to 18.8, while in 1972 they were 19.1. And over the 1982-88 period, our national gains have been small -- 11 points on the SAT and four-tenths of a point on the ACT.

In another critical area, graduation rates, this year's figures indicate that only 71 percent of current ninth graders will complete high school with their class. Although certain States have improved their graduation rates significantly since 1982, the national average has improved by less than 2 percentage points. As with test scores, our gains are minimal.

But the educational picture is not totally one of gloom and doom. This year's testing results do include some encouraging news. Greater numbers of students are taking the college entrance exams and the SAT's Achievement Tests. And rises in minority test scores continue to shrink the distance between their scores and those of non-minority students, slowly but steadily.

Although blacks are lifting their test scores and closing the "graduation gap" -- and recent Census Bureau figures indicate that Hispanics are also starting to narrow these gaps -- the doors to opportunity still remain shut for too many youths. It is up to us to throw open those doors.

As a nation our educational performance is merely average. While the tide of mediocrity observed in A Nation at Risk in 1983 may no longer be rising, neither is it receding. We have never, as a nation, been satisfied with being only mediocre; there is no reason for us to begin now. The President and I have called repeatedly for greater accountability in education -- not just accountability for the dollars spent, but also for educational outcome, for results.

We must do better or perish as the nation we know today. I issue a call to every American -- everyone with a stake in our

country's future -- to join President Bush and me in making a commitment to educate our people, truly educate them, once again. The challenge goes to parents, teachers, administrators, public officials at all levels and students. We must reverse the stagnation and demand an excellent education for all our children. We must stir up the education waters in America.

First of all, I urge the States, school districts, and, yes, individual schools and parents to increase graduation rates to a level equal to or even greater than that attained by Minnesota, the State that currently leads the nation with a graduation rate of 90 percent. Students need to know that we demand that they graduate and that we, in turn, will provide each and every one of them with a quality education. We will do better; we cannot afford to let any youngster face a lifetime of low-paying and low-status jobs. It is not acceptable to lose the 600,000 to 700,000 students who drop out each year. Today -- an average school day -- some 3,600 youngsters across this nation will drop out of school. This is a national tragedy.

Intervention must start early. Instead of progressing, too many youngsters fall further and further behind as they go through school. And so I offer the following challenge:

- We must cut in half the number of children who have not been promoted a grade level. It's no wonder that one-fourth of our high schoolers drop out when one-fourth of our sixth graders have already failed once in their brief academic careers. We must prevent this, not just remedy it after it occurs.
  
- We must clearly define what every student must know and be able to do before leaving the elementary, junior high, and high school levels. Not only must students graduate, they must graduate with the advanced skills needed to succeed when competing against the best of other countries.
  
- Our children must attend classes. Many districts are falling woefully short of tracking student attendance or truancy. Having as many as a third of a classroom's desks unoccupied is unacceptable. Parents and schools must work together to ensure that every child is in school ready to learn.
  
- Parents must be responsible for ensuring that their children complete their homework assignments, just as it is up to teachers to ensure that homework is meaningful

and helpful to children in building on their classroom learning.

- Schools must make the best use of the time our children now spend in the classroom; teachers should be freed from paperwork in order to teach.

A recent survey of 13-year-old math and science students found that Americans scored well below average, even though two-thirds of them said they were "good at mathematics." In contrast, only 23 percent of the number-one-ranked Korean students said they were happy with their achievement. We cannot be satisfied with mediocrity, and so it's time to turn things around:

- We must increase by half the number of children who perform at proficient levels in reading, mathematics, and science. We must also increase by half the number of students scoring at the highest levels.
- We must raise our ranking among nations in general science from eighth to first. Moreover, as the recent report, To Secure Our Future, asserts, our high school students must overtake Japan by mastering more mathematical skills than today's U.S. college graduates.

- ° We must provide those not heading for college with apprenticeship skills at least as good as those held by students in West Germany. Vocational education students must receive a quality, well-rounded education, and also benefit from meaningful, high-quality programs that provide solid opportunities and advancement in today's job market.

Today I am also calling upon all States and school districts to establish their own "Education Improvement Targets."

Governors, Chief State School Officers, local school boards, district superintendents, educators, parents, and other concerned individuals can begin right now to work together to identify and announce specific goals for improving each school district and State to select the benchmarks for measuring progress toward their goals, and to discuss incentives for student, teacher, and school improvement.

At the Federal level we intend to assist in this development. The goals I've just discussed are mirrored in the initiatives that President Bush has laid out in his "Education Excellence Act of 1989" which calls for seven innovative initiatives to reward schools, teachers, and students for success: Merit Schools, Magnet Schools, alternative certification, awards to teachers for excellence, drug free schools urban emergency

grants, a National Science Scholars Program, and additional endowment funding for Historically Black Colleges and Universities. By focusing on performance, these initiatives will establish incentives for success and reward quality performance by students and teachers. They hold solid promise of strengthening our educational system and encouraging many of the state-level reforms that are making a difference today. By encouraging educational choice and flexibility, and by rewarding excellence and success, the President's program offers us the prospect that in future years, the State Education Performance Chart will indeed show substantial progress.

At the same time, at the Federal level we will be doing four things. First, we will help bring these issues to national attention. Second, we will continue to highlight exemplary programs and share their results. Third, we will seek ways to reward successful schools, teachers, and students. . And fourth, we will find ways to release the States from unnecessary statutory and regulatory burdens in exchange for higher performance.

Let us set our standards high and stick with them. I further call on States and school districts to issue annual reports on

their progress and the efforts they are making to reach these targets.

As David Kearns and Dennis Doyle have written in their excellent book, Winning the Brain Race, "the two most important lessons the corporate world can offer educators are accountability and measurement." We have come together today, as we have five times before, to focus on measurement. We do so because we are concerned about the future of American education. We all want to see improvements. But it will be hard for us to argue that our schools and students have improved unless our communities can agree on what our students should know and be able to do, unless our school systems can provide objective indicators of student performance and progress, and unless we hold ourselves accountable for results. That is why I issue this call to action, and set forth these goals -- so that we can have not just a general desire for change but a concrete set of goals to strive for.

What some have done, all can do. In every instance these standards have been met or exceeded by some sectors, districts, or States. We must focus not on the minimum, but on the best -- because in the end, only the best is good enough for all our children. And so let us commit ourselves to the work, the hard work, that is needed to reach our goals. To this end I will be

writing to every governor, every Chief State School Officer,  
and each local school board president in the country to enlist  
their support. Let us join together to improve education for  
the future of our children and our nation.

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 Extract from "State Education Statistics: Student Performance, Resource Inputs, State Reforms, and Population Characteristics, 1982 and 1987, U. S. Department of Education, February 1988, wall chart.  
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	<u>U. S. average</u>	<u>Alaska</u>	<u>Alaska rank</u>
<b>STUDENT PERFORMANCE</b>			
ACT score (28 states)	18.7	18.7	19th
percent of graduates taking	--	37.1	--
percent scoring over 26	13.5	17.0	5th
to recover from scores of 60's			.9
SAT score (22 states)	906	924*	4th
percent of graduates taking		43.0*	
percent scoring over 600	8.1/18.3	10/17*	
Advanced placement candidates as			
percentage of graduates	9.7	13.3	9th
Adjusted graduation rate	71.5	68.3	36th
to meet 90 percent by 1990		21.7	
<b>RESOURCE INPUTS</b>			
Average teacher salary (est.1987)	\$26,551	\$43,970	1st
Pupil/teacher ratio (1987)	17.8	16.7	22nd
Pupil/staff ratio (1987)	9.4	11.0	43rd
Federal \$ as percent of revenues(1986)	6.7	10.2	11th
Expenditures: per pupil (1986)	\$3,752	\$8,253	1st
:as percent of income per capita	25.6	46.4	1st
:for teachers as percent of total	40.6	34.8	50th
<b>POPULATION CHARACTERISTICS</b>			
Per capita income (1986)	\$14,641	\$17,796	4th
Percent poverty, ages 5-17 (1980)	15.3	11.4	38th
Minority percent of enrollment (1987)	30.0	34.0	14th
Handicapped percent of enrollment (1987)	11.0	11.3	19th

**STATE REFORMS (summary)**

Minimum competency testing for grade promotion and for graduation and first graduating class assessed: Sixteen states require competency testing for graduation, four states require competency testing for promotion, and six states require it for both. One state will require it for graduation beginning in 1990.

State intervention in academically bankrupt districts and year implemented: Seven states have adopted policies to intervene in school districts where students are performing below specified state levels.

SIXTH ANNUAL STATE EDUCATION PERFORMANCE CHART  
STUDENT PERFORMANCE, RESOURCE INPUTS, STATE REFORMS, AND  
POPULATION CHARACTERISTICS: A SUMMARY OF THE 1989 INDICATORS

STUDENT PERFORMANCE

American College Testing Program (ACT) and Scholastic Aptitude Test (SAT) Scores

Between 1982 and 1988, nationally, ACT scores rose by 0.4 of a point to 18.8. Of the 28 ACT States, 23 had scores which increased, four had lower scores, and one State's score remained the same. SAT scores rose 11 points to 904, with 21 SAT States registering gains and one State experiencing a test score decline.

Between 1987 and 1988, nationally, ACT scores increased by 0.1 of a point. Six of the 28 ACT States had gains in test scores from last year, 11 States' scores did not change, and 11 States had scores which declined. Among the 22 SAT States, 8 showed improved scores, while 14 States exhibited declines. Nationally, SAT scores declined by 2 points from the 1987 level of 906.

Contrary to concerns initially voiced by some educators, the record shows that States with large proportions of disadvantaged students are capable of making great progress in improving their performance. For example:

- o Since 1982, Alabama and Mississippi, two States with relatively high poverty rates, have been among the top five States showing the largest gains on the ACT exam. South Carolina and the District of Columbia, other States with relatively high poverty rates, have been among those States showing the largest gains on the SAT.
- o While the gap between minority and non-minority test scores remains, the performance of minority students on the college entrance exams continues to improve. For example, between 1978 and 1988, black students gained 21 points on the verbal portion of the SAT and 30 points on the math portion. Similar score increases

were registered for American Indian, Asian, and Hispanic test takers.<sup>1</sup>

- o California and Maryland, among the top ten States in terms of percent minority enrollment, are among the top scoring SAT States.

### High School Graduation Rate

Between 1982 and 1987, the national graduation rate (adjusted for unclassified students and for migration) rose from 69.5 percent to 71.1 percent between the 1982 base year and the current year (1987). Thirty-eight States increased their graduation rates in the period, 12 States' graduation rates declined and 1 rate did not change.

Between 1986 and 1987, the national graduation rate declined, from 71.6 percent to 71.1 percent. Nineteen States improved their graduation rate since last year, while 31 declined and 1 did not change.

### Advanced Placement Candidates

Since 1982, the percentage of high school graduates taking the College Board's Advanced Placement test more than doubled--from 4.7 percent to 10.6 percent nationally. Utah continues to have the highest percentage of graduates who are advanced placement candidates (27.2 percent in 1988), followed by the District of Columbia (22.5 percent), and Florida (21.1 percent). North Dakota (1.6 percent), South Dakota (1.9 percent), and Arkansas (2.7 percent) have the lowest percentages of advanced placement candidates.

### Correlations Among Key Indicators

The relationships among student performance, resource inputs, and population characteristics in the 1988 State Performance Chart are similar to previous years' relationships.

Among the factors with a strong inverse relationship to ACT test scores are the poverty rate of the school-age population (-.80), and the percentage of minority enrollment (-.64). The share of total school revenues contributed by the Federal government is

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<sup>1</sup> SAT press release dated September 20, 1988.

moderately inversely related to ACT scores (-.56). The poverty rate is the only factor with a strong inverse relationship to SAT test scores (-.79). Among those factors with a strong to moderate inverse relationship to graduation rates are the poverty rate of the school-age population (-.59) and the percentage of minority enrollment (-.67).

There is a strong positive correlation (.95) between the 1988 ACT scores in the States and the percent of total 1988 ACT test-takers scoring above 26 as well as between the 1988 SAT scores and the 1988 SAT test-takers scoring 600 or above on the math component of the test (.76). However, the correlation between SAT scores and test takers scoring 600 or above on the verbal component is weak (.37).

Per capita income is moderately related (.51) to ACT test scores. Other factors with moderate relationships to SAT test scores include Federal funds as a share of total school expenditures (-.55) and percentage of minority enrollment (-.54).

Factors with little correlation to student test score performance or graduation rates include: pupil-staff ratio, percent handicapped enrollment, and the percent of students taking a particular test.

Detailed analyses show:

- o Test scores and graduation rates are strongly and positively associated with each other. States with high test scores also tend to have high graduation rates. Graduation rates correlate +.66 with ACT scores and +.54 with SAT scores.
- o The poverty rate among school-age children is more highly related to test score achievement than is the minority share of enrollment. For example, the poverty rate correlates -.80 with ACT test scores, while the ACT test scores and the percent minority enrollment correlation is -.64.
- o Percent minority enrollment has a slightly stronger association with the graduation rate (-.67) than does the poverty rate (-.58).
- o States with relatively high proportions of Federal funding tend to have poorer test results and lower graduation rates.

## RESOURCE INPUTS

### Average Teacher Salaries

Average teacher salaries rose over \$6,700 between 1982 and 1988. In 1982 the average teacher salary was \$19,274; in 1988 the national average was \$28,008. In constant 1988 dollars, the average 1982 teacher salary was \$23,283, indicating a real increase over the period (after inflation is accounted for) of \$4,725. In 1988, Alaska had the highest mean teacher salary (\$40,424) and South Dakota the lowest (\$19,758).

### Pupil-Teacher Ratio

The national average pupil-teacher ratio has declined steadily from 18.9 pupils per teacher in the Fall of 1982 to 17.6 pupils per teacher in the Fall of 1987.<sup>2</sup> Connecticut had the smallest pupil-teacher ratio (13.3) and Utah the largest (24.7).

### Pupil-Staff Ratio

The national average pupil-staff ratio has also declined steadily, from 10.0 to 1 in the Fall of 1982 to 9.4 to 1 in the Fall of 1987.

### Federal Funds as Percent of School Revenues

The proportion of total school revenues that are derived from Federal funds has decreased by one percentage point since 1982. In 1987, federal funds comprised 6.4 percent of total school revenues; in 1982 they represented 7.4 percent.

### Current Expenditures Per Pupil

In 1987, the average per pupil expenditure was \$3,977, up from \$2,726 in 1982 (\$3,165 in constant 1987 dollars).

### Expenditures as Percent of Income

As a percentage of per capita income, per pupil expenditures for elementary and secondary public schools have risen from 23.7 percent in 1982 to 25.7 percent in 1987.

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<sup>2</sup> The most recent year for which data are available for the resource input indicators (pupil-teacher ratio, pupil-staff ratio, school revenue and expenditures) is the school year beginning in the Fall of 1987.

## Teacher Expenditures as a Percentage of Total Current Expenditures

From 1982 to 1987, the national average of expenditures for classroom teachers as a percentage of total current expenditures for elementary and secondary public schools has remained virtually constant--40.7 percent in 1987 and 40.5 percent in 1982.

## STATE REFORMS

### Minimum Competency Testing for Grade Level Promotion

As of 1988, 12 States require minimum competency testing for grade level promotion.

### Minimum Competency Testing for Graduation

Twenty-three States have planned or implemented minimum competency testing for graduation. In 20 of these States, students are already required to pass a minimum competency test in order to graduate; in 3 additional States, these requirements will be phased in between 1988 and 1994.

### Academic Bankruptcy

Eight States report that they have adopted policies or passed legislation enabling the State to intervene in the management of academically bankrupt schools or school districts.

### Performance-Based Teacher Incentives

Seven States report that they offer teacher incentive programs based on student performance; two of these States currently have pilot programs.

### Alternative Teacher Certification

Thirty-eight States report alternative teacher certification programs; 34 of these programs offer provisional teaching opportunities, while eight include apprenticeship/internship programs.

### Teacher Certification and Recertification Examinations

As of 1988, 44 States require new teachers to take certification exams; three States require current teachers to take a certification exam.

## POPULATION CHARACTERISTICS

### Per Capita Income

Nationally, the average per capita income in 1987 was \$15,481. Per capita income in individual States ranged from a high of \$21,266 in Connecticut to a low of \$10,292 in Mississippi.

### Percent of Children in Poverty

Nationally, the percent of children living in poverty in 1980 (the most recent year for which State-by-State data are available) was 15.3 percent. These figures ranged from a high of 30.4 percent in Mississippi to a low of 7.5 percent in Wyoming.

### Minority Percent of Enrollment

In 1987 (the latest year for which data are available), the average minority enrollment in the nation was 30.0 percent. Minority enrollment percentages in public schools ranged from a high of 96 percent in the District of Columbia to a low of two percent in Vermont, Maine, and New Hampshire.

### Handicapped Percent of Enrollment

In 1988, the average percent of handicapped students in the public schools was 11.1 percent. Massachusetts public schools enrolled the highest percentage of handicapped students (17.7 percent); Hawaii public schools enrolled the lowest percentage of handicapped students (7.1 percent).

SIXTH ANNUAL STATE EDUCATION PERFORMANCE CHART  
STUDENT PERFORMANCE, RESOURCE INPUTS, STATE REFORMS, AND  
POPULATION CHARACTERISTICS: AN EXPLANATION OF THE DATA

The sixth annual "State Education Performance Chart" presents State-by-State and national information for 1982 and 1988 on selected student performance outcomes (columns 1-16), State resource inputs (columns 17-30), reforms (columns 31-35), and population characteristics (columns 36-39). Citations identifying the sources of these data are included on the back of the Chart. A detailed explanation of the data included in each column follows below.

DISCUSSION OF STUDENT PERFORMANCE OUTCOMES

1. Test Score Performance (columns 1 through 14)

The first 12 columns display State-by-State data on average student scores for the years 1982 and 1988 on the two most widely used college entrance examinations -- the American College Testing (ACT) program examination and the Scholastic Aptitude Test (SAT). The test score reported for a State is the mean test score for all students in the State who took that particular exam during the 1987 - 88 academic year. Whether an ACT or SAT score is reported for a State is determined by the specific test, ACT or SAT, taken by most college-bound high school students in each State.

Columns 1 through 6 display test score data for the 28 States in which the greater number of students take the American College Testing (ACT) program examination. Columns 7 through 12 display test score data for the 22 States (including the District of Columbia) in which the greater number of students take the Scholastic Aptitude Test (SAT).<sup>1</sup> For ACT States, the average test scores are displayed in column 1 for 1988 and column 4 for 1982; for SAT States, the mean test scores are shown in column 7 for 1988 and column 10 for 1982.

States are given rank orders based upon their mean score in comparison with other States in their test category. Each State's ranking is displayed in parentheses under its mean test score. When two or more States tie for the same ranking, their ranks are reported with a "T." For example, Arizona, Idaho, and

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<sup>1</sup> No test score is shown for Washington State because it administers its own test, and the percentage of ACT or SAT test takers is too low to include it in either testing category.

Ohio all had mean test scores of 19.3 for the 1988 ACT and, thus, they tied for 9th place, and each received a ranking of "(9)T."

Columns 2 and 5 indicate the percent of each State's private and public graduates that took the ACT test in 1988 and 1982, respectively.<sup>2</sup> Columns 8 and 11 present the percent of test takers for SAT States for 1988 and 1982, respectively. Many consider these data on the percentage of test takers to be a significant factor in interpreting and comparing State test scores.

Columns 6 and 12 show each State's score change from 1982 to 1988. These columns also include rank orders for the States based upon their change in score over the 1982-88 period.

- o Between 1982 and 1988, among the 28 ACT States, 23 had test score increases, one had no change in its test score, and four had test score declines.
- o Among the SAT States, 21 had test score increases; the remaining SAT State showed a decline in its test score between 1982 and 1988.

Four additional columns were added to the student performance section in 1988. These indicators demonstrate the performance of States in the area of academic excellence. Two indicators report the proportion of each State's test takers scoring in the range in which the top 10 to 20 percent of the nation's test takers score, with column 3 reporting the percent of test takers scoring 26 and above on the ACT in 1988 and column 9 indicating the percent of SAT test takers scoring 600 or above on the verbal and/or math components of the SAT in 1988.

Columns 13 and 14, the other two student performance columns added in 1988, report States' advanced placement candidates as a percentage of public and private high school graduates in 1988 and 1982, respectively.

## 2. High School Graduation Rates (columns 15 and 16)

Columns 15 and 16 show State-by-State high school graduation rates. These rates are calculated as the percentage of ninth graders who receive a regular high school diploma four years

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<sup>2</sup> It should be noted, however, that ACT changed its reporting procedures in 1985 and, as a result, the percentages of students reported in column 2 may not be strictly comparable to those provided in column 5.

later.<sup>3</sup> Column 15 shows the graduation rate in 1987 for students who were in the ninth grade in Fall 1983; column 16 shows the graduation rate in 1982 for students who were in the ninth grade in Fall 1978.

DISCUSSION OF RESOURCE INPUTS, STATE REFORMS  
AND POPULATION CHARACTERISTICS

Columns 17 through 39

The remaining columns of the Chart display comparative data that describe State resources devoted to education (columns 17-30), State reform activities (columns 31-35), and State population characteristics (columns 36-39).

Resources devoted to education personnel are shown in two ways. Average teacher salaries are reported in column 17 for 1988 and column 18 for 1982. Columns 29 and 30 indicate the proportion of current expenditures for classroom teachers for 1987 and 1982, respectively. These data report total salaries for classroom teachers as a percentage of total current expenditures.

Columns 19 and 20 report the pupil-to-teacher ratios for 1988 and 1982, respectively, while columns 21 and 22 report the pupil-to-all-staff ratios for 1988 and 1982. All professional and nonprofessional employees are included in columns 21 and 22, except personnel providing contracted services and State-level education employees.<sup>4</sup>

Columns 23 and 24 display the percent of school revenues that comes from the Federal government. Most of the Federal money goes to assist in the education of disadvantaged and handicapped children. The largest Federal elementary/secondary grant program is Chapter 1 of the Elementary and Secondary Education Act, as amended (formerly Title I of the Elementary and Secondary Education Act). School districts receive this money primarily on the basis of the number of school-age students identified by Census data as living in poverty. States with

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<sup>3</sup> It should be noted that graduation rates have been adjusted for interstate migration and unclassified secondary school enrollment.

<sup>4</sup> Both building-level and district-level professional and nonprofessional employees are included. Information is not available for contracted services.

Small numbers of children from low-income families generally receive a relatively small amount of Federal financial assistance. A number of other Federal aid programs (such as Impact Aid) are not based on the poverty factor.

Columns 25 through 28 show data on school expenditures. Columns 25 and 26 show current expenditures per pupil for 1987 and 1982, respectively. Expenditures as a percent of income per capita are displayed for 1987 in column 27 and for 1982 in column 28, while expenditures for classroom teachers as a percentage of total current expenditures are shown in columns 29 and 30 for 1987 and 1982, respectively.

State reform activities are displayed in columns 31 through 35. Column 31 indicates the States with minimum competency testing for grade promotion and/or graduation, as well as the first graduating class assessed. Column 32 shows the States having policies to intervene in school districts where students are performing below specified State levels. Column 33 indicates the States which have, as of December 1988, implemented teacher incentive programs, or have funded pilot or local programs based on student performance. Columns 34 and 35, respectively, show States having alternative teacher certification programs to attract qualified candidates, and States that require entering and current teachers to take certification exams.

Population characteristics are displayed in columns 36-39. Per capita income (column 36) and percent of enrollment represented by handicapped students (column 39) are based on data which are normally updated annually. The percent of enrollment represented by minority students (column 38) is updated biennially, and the percent of 5-17 year old children in poverty (column 37) is based on decennial data.

As a final note, the data included in the State Education Performance Chart should not be considered in isolation. As the wide variations in the data in the table demonstrate, each State is unique, with widely differing demographic, social and economic conditions. Variations in student performance outcomes among the States should be evaluated without losing sight of their differing resource inputs and population characteristics.

**STATE BY STATE SUMMARIES  
OF SELECTED STATE EDUCATION  
PERFORMANCE CHART INDICATORS**

**Sixth Annual State Education Performance Chart**

**U.S. Department of Education  
Office of Planning, Budget and Evaluation**

**1989**

UNITED STATES

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
ACT SCORE	19.1	18.5	18.4	18.8	18.7	18.8
SAT SCORE	937	890	893	906	906	904
HIGH SCHOOL GRADUATION RATE (ADJUSTED)	-	-	69.5	71.6	71.1	-
CURRENT EXPENDITURES PER PUPIL	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
PUPIL/TEACHER RATIO	22.3	19.1	18.9	17.9	17.7	17.6
FEDERAL FUNDS (%)	8.9	9.8	7.4	6.7	6.4	-
STATE FUNDS (%)	38.3	46.8	47.6	49.4	49.8	-
LOCAL FUNDS (%)	52.8	43.4	45.0	43.9	43.9	-
TEACHER SALARIES	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008

## ALABAMA

## SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
ACT SCORE						
ALABAMA	18.0	17.0	17.2	18.2	18.0	18.1
NATIONAL AVERAGE	19.1	18.5	18.4	18.6	18.7	18.8
RANK(OUT OF 28)	26	26	26	19	21	21
HIGH SCHOOL GRADUATION RATE(ADJUSTED)						
ALABAMA	-	-	63.4	67.3	70.2	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	44	40	34	-
CURRENT EXPENDITURES PER PUPIL						
ALABAMA	\$ 671	\$ 1,612	\$ 2,063	\$ 2,565	\$ 2,573	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	49	50	43	47	49	-
PUPIL/TEACHER RATIO						
ALABAMA	24.3	23.6	20.7	20.2	19.8	19.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	43	49	43	44	43	43
FEDERAL FUNDS (%)						
ALABAMA	21.5	12.2	14.9	11.8	11.7	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	4	15	2	6	4	-
STATE FUNDS (%)						
ALABAMA	56.1	63.8	59.0	66.5	66.3	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	7	7	13	8	7	-
LOCAL FUNDS (%)						
ALABAMA	22.4	24.1	26.1	21.6	22.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	47	43	40	47	47	-
TEACHER SALARIES						
ALABAMA	\$ 7,737	\$13,060	\$15,612	\$23,040	\$23,200	\$23,320
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	43	46	45	28	35	41

Alabama

Alabama's nine-tenths of a point score gain since 1982 leads all ACT States. Since 1982, the State's ranking among the 28 ACT States has risen from 26th to 21st. Since 1986 Alabama has also improved its graduation rate by about 3 percentage points and its ranking by 6 places--from 40th to 34th. Alabama ranks 2nd among all States and the District of Columbia in the proportion of total current spending allocated to teacher salaries (over 48 percent). These dollars are targeted to the right place--the classroom.

ALASKA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
ALASKA	19.6	18.4	18.7	18.1	18.7	18.4
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.6
RANK(OUT OF 28)	15	10	12	20	19	19
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
ALASKA	-	-	64.3	68.3	66.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	41	37	41	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
ALASKA	\$ 1,662	\$ 4,728	\$ 6,312	\$ 8,304	\$ 8,010	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	1	1	1	1	1	-
<b>PUPIL/TEACHER RATIO</b>						
ALASKA	20.6	17.3	16.0	15.8	16.7	17.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	12	12	9	15	22	29
<b>FEDERAL FUNDS (%)</b>						
ALASKA	25.0	9.3	7.5	10.2	11.7	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	3	30	26	12	4	-
<b>STATE FUNDS (%)</b>						
ALASKA	64.8	72.1	76.2	68.9	63.7	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	3	2	2	4	11	-
<b>LOCAL FUNDS (%)</b>						
ALASKA	10.2	18.6	16.3	20.9	24.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	50	50	50	48	41	-
<b>TEACHER SALARIES</b>						
ALASKA	\$14,124	\$27,210	\$31,924	\$41,480	\$39,769	\$40,424
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	1	1	1	1	1	1

Alaska

This year Alaska's average ACT score, 18.4, and graduation rate, 66.7 percent, dipped slightly. Since 1982, its scores in the ACT have dipped from slightly above to slightly below the national average, while its graduation rate ranking (41st) has not changed.

ARIZONA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
ARIZONA	19.3	18.9	18.7	19.3	19.3	19.3
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	18	10	12	9	9	9
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
ARIZONA	-	-	63.4	63.0	64.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	44	47	45	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
ARIZONA	\$ 868	\$ 1,971	\$ 2,462	\$ 3,336	\$ 3,544	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	30	29	33	34	35	-
<b>PUPIL/TEACHER RATIO</b>						
ARIZONA	24.4	19.4	19.8	19.6	18.4	18.6
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	44	32	37	42	36	39
<b>FEDERAL FUNDS (%)</b>						
ARIZONA	11.8	12.2	9.3	10.7	9.0	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	21	15	16	9	13	-
<b>STATE FUNDS (%)</b>						
ARIZONA	40.3	38.5	53.7	50.5	48.3	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	25	36	19	23	25	-
<b>LOCAL FUNDS (%)</b>						
ARIZONA	47.9	49.2	38.0	38.7	42.7	-
NATIONAL AVERAGE	52.0	43.4	45.0	43.9	43.9	-
RANK	29	22	33	30	28	-
<b>TEACHER SALARIES</b>						
ARIZONA	\$ 9,915	\$15,054	\$19,211	\$24,680	\$25,972	\$27,388
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	17	25	21	21	23	22

Arizona

Arizona's ACT test score (19.3) and its graduation rate (64.4 percent) have not changed substantially over the past 3 years. Its test score rank (9th) is relatively high, but its graduation rate ranking, 45th, is relatively low. The State has initiated reforms such as its pilot program of teacher incentives based on student performance, teacher internship/apprenticeship program, and student minimum competency testing for promotion and graduation to spur future improvements.

ARKANSAS  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
ARKANSAS	18.6	17.8	17.7	18.1	17.8	17.9
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	22	20	20	20	24	25
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
ARKANSAS	-	-	73.4	78.0	77.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	23	15	18	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
ARKANSAS	\$ 662	\$ 1,574	\$ 1,841	\$ 2,658	\$ 2,733	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	50	51	50	45	46	-
<b>PUPIL/TEACHER RATIO</b>						
ARKANSAS	22.7	19.0	18.6	17.5	17.5	17.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	27	30	29	27	30	24
<b>FEDERAL FUNDS (%)</b>						
ARKANSAS	21.2	16.6	14.9	11.4	11.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	5	4	2	7	7	-
<b>STATE FUNDS (%)</b>						
ARKANSAS	43.0	48.8	49.0	56.6	54.8	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	22	22	24	17	19	-
<b>LOCAL FUNDS (%)</b>						
ARKANSAS	35.7	34.6	36.1	32.0	33.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	38	35	35	39	35	-
<b>TEACHER SALARIES</b>						
ARKANSAS	\$ 6,843	\$12,299	\$14,506	\$19,519	\$19,904	\$20,340
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	50	50	50	49	49	50

Arkansas

The slight increase (+.1) in Arkansas' average 1988 ACT score of 17.9, and decrease (-.5 percentage points) in its graduation rate, 77.5 percent, mirror national trends. Since 1982, the State's ACT score gain is lower than average, while its graduation rate gain exceeds the national average. Arkansas has put in place reforms--from minimum competency testing for grade promotion to State intervention in instances of academic bankruptcy--to contribute to future improvements.

CALIFORNIA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
CALIFORNIA	957	896	899	904	906	908
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	2	5	4	9	9	4
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
CALIFORNIA	-	-	60.1	66.7	66.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	49	42	42	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
CALIFORNIA	\$ 998	\$ 2,268	\$ 2,671	\$ 3,543	\$ 3,728	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	20	22	27	25	30	-
<b>PUPIL/TEACHER RATIO</b>						
CALIFORNIA	23.1	20.8	23.1	23.1	23.0	22.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	30	40	50	50	50	50
<b>FEDERAL FUNDS (%)</b>						
CALIFORNIA	7.9	10.7	9.5	7.3	7.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	35	22	15	22	21	-
<b>STATE FUNDS (%)</b>						
CALIFORNIA	33.5	66.3	66.2	68.9	69.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	33	4	6	4	5	-
<b>LOCAL FUNDS (%)</b>						
CALIFORNIA	58.7	23.0	24.2	23.8	23.5	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	16	44	44	42	44	-
<b>TEACHER SALARIES</b>						
CALIFORNIA	\$11,417	\$18,020	\$22,755	\$29,130	\$31,219	\$33,159
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	4	7	6	6	5	5

California

California continues to add small annual increases to its SAT scores. Its 1988 SAT average of 908 moves it back up among the top 5 SAT States. The State is also ranked 2nd in the percentage of graduates scoring 600 or more in the math section of the SAT, and 5th in the percentage of graduates participating in Advanced Placement testing. However, its graduation rate (66.1 percent) remains about 5 points below average (71.1 percent). California has instituted several reforms such as requiring minimum competency testing for promotion and graduation and offering new routes into teaching.

COLORADO  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
COLORADO	19.9	19.6	19.6	19.9	19.9	19.7
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	11	5	5	5	4	7
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
COLORADO	-	-	70.9	73.1	73.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	29	29	26	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
COLORADO	\$ 916	\$ 2,421	\$ 2,914	\$ 3,975	\$ 4,147	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	23	17	17	17	18	-
<b>PUPIL/TEACHER RATIO</b>						
COLORADO	23.6	18.6	18.7	18.4	18.2	18.0
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	39	24	30	35	33	33
<b>FEDERAL FUNDS (%)</b>						
COLORADO	8.4	6.5	5.3	4.9	4.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	33	46	30	41	38	-
<b>STATE FUNDS (%)</b>						
COLORADO	27.6	40.6	40.4	38.9	39.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	42	31	32	39	41	-
<b>LOCAL FUNDS (%)</b>						
COLORADO	64.0	52.9	54.4	56.3	56.1	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	12	18	18	12	11	-
<b>TEACHER SALARIES</b>						
COLORADO	\$ 9,264	\$16,205	\$19,577	\$25,892	\$27,387	\$28,651
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	22	17	17	16	17	17

Colorado

Colorado's 1988 ACT score (19.7) ranks it 7th among the 28 ACT States, although its students are still performing at about the level achieved in 1982. Colorado's graduation rate has risen from 70.9 percent in 1982 to 73.7 percent in 1987. This increase is about twice the average national gain (1.6 percentage points).

CONNECTICUT

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
CONNECTICUT	945	897	896	914	912	908
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	4	4	6	5	5	4
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
CONNECTICUT	-	-	70.6	89.8	80.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	31	2	11	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
CONNECTICUT	\$ 1,155	\$ 2,420	\$ 3,188	\$ 4,743	\$ 5,435	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	5	18	9	6	5	-
<b>PUPIL/TEACHER RATIO</b>						
CONNECTICUT	19.7	16.1	15.0	14.0	13.7	13.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	6	5	1	1	1	1
<b>FEDERAL FUNDS (%)</b>						
CONNECTICUT	4.1	7.0	4.9	3.5	4.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	50	41	45	51	45	-
<b>STATE FUNDS (%)</b>						
CONNECTICUT	37.9	26.8	36.5	40.2	40.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	29	47	42	38	38	-
<b>LOCAL FUNDS (%)</b>						
CONNECTICUT	58.0	66.1	58.7	56.3	55.6	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	17	4	10	12	13	-
<b>TEACHER SALARIES</b>						
CONNECTICUT	\$10,295	\$16,229	\$18,858	\$26,610	\$28,902	\$33,487
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	11	16	22	13	7	4

Connecticut

This year Connecticut's SAT average of 908 is 4 points above the national average and ranks the State as 4th among the 22 SAT States. Its SAT ranking has been slowly and steadily climbing since 1982. Despite 1987's decline in the graduation rate to 80.5 percent, Connecticut ranks 11th among all States and the District of Columbia. More importantly, its graduation rate ranking has risen to 11th from 31st in 1982.

DELAWARE  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
DELAWARE	943	900	897	917	910	899
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	5	2	5	3	6	10
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
DELAWARE	-	-	68.2	70.7	70.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	34	34	35	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
DELAWARE	\$ 1,093	\$ 2,861	\$ 3,198	\$ 4,610	\$ 4,825	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	8	5	8	8	9	-
<b>PUPIL/TEACHER RATIO</b>						
DELAWARE	21.7	17.3	17.8	16.2	16.0	16.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	18	12	22	19	18	18
<b>FEDERAL FUNDS (%)</b>						
DELAWARE	8.4	12.5	10.4	8.1	7.7	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	33	14	12	18	18	-
<b>STATE FUNDS (%)</b>						
DELAWARE	69.5	64.5	65.1	68.8	69.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	2	5	9	6	6	-
<b>LOCAL FUNDS (%)</b>						
DELAWARE	22.1	22.9	24.5	23.1	23.1	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	48	45	43	46	45	-
<b>TEACHER SALARIES</b>						
DELAWARE	\$10,420	\$16,148	\$19,290	\$24,624	\$27,467	\$29,573
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	9	18	20	22	15	13

Delaware

Delaware's SAT score dropped from 910 in 1987 to 899 in 1988; its ranking, from 6th in 1987 to its current 10th among the 22 SAT States. Its score is now below the U.S. average (904). The State has instituted reforms requiring minimum competency testing for graduation and a pilot program linking teacher incentives to student performance to strengthen achievement in the future.

DIST. OF COLUMBIA

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
DIST. OF COLUMBIA	803	780	821	852	842	839
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	22	22	21	19	19	21
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
DIST. OF COLUMBIA	-	-	56.9	56.8	55.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	50	51	51	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
DIST. OF COLUMBIA	\$ 1,258	\$ 3,259	\$ 3,792	\$ 5,337	\$ 5,742	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	4	3	3	4	4	-
<b>PUPIL/TEACHER RATIO</b>						
DIST. OF COLUMBIA	21.8	17.9	18.5	14.2	14.3	13.9
NATIONAL AVERAGE	22.3	19.1	19.9	17.9	17.7	17.6
RANK	19	18	26	4	4	3
<b>FEDERAL FUNDS (%)</b>						
DIST. OF COLUMBIA	27.1	22.0	13.1	11.1	10.3	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	2	2	6	8	11	-
<b>STATE FUNDS (%)</b>						
DIST. OF COLUMBIA	.	.	.	0.3	0.6	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	.	.	.	51	51	-
<b>LOCAL FUNDS (%)</b>						
DIST. OF COLUMBIA	72.9	78.0	86.9	88.6	89.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	3	2	2	2	2	-
<b>TEACHER SALARIES</b>						
DIST. OF COLUMBIA	\$11,022	\$22,190	\$24,265	\$33,211	\$33,797	\$34,705
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	5	2	3	2	2	2

District of Columbia

The 3-point drop in the District's 1988 SAT score (839) was about the same as the national change since 1987. Despite its low ranking among the SAT States (21 out of 22), D.C. is among the nation's leaders in the percentage of graduates scoring 600 or above in the verbal section of the SAT and in the percentage of graduates participating in Advanced Placement testing. The District's graduation rate (55.5 percent) is well below the national average (71.1 percent) and has not improved since 1982.

FLORIDA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
FLORIDA	941	888	889	895	893	890
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	6	9	9	13	13	13
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
FLORIDA	-	-	60.2	62.0	58.6	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	48	49	50	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
FLORIDA	\$ 868	\$ 1,889	\$ 2,443	\$ 3,529	\$ 3,794	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	30	38	34	27	25	-
<b>PUPIL/TEACHER RATIO</b>						
FLORIDA	23.4	21.0	19.9	17.6	17.5	17.4
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	36	42	38	30	30	31
<b>FEDERAL FUNDS (%)</b>						
FLORIDA	11.9	11.3	8.4	7.6	7.2	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	20	18	20	20	20	-
<b>STATE FUNDS (%)</b>						
FLORIDA	52.9	56.2	52.7	54.0	54.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	11	13	19	21	21	-
<b>LOCAL FUNDS (%)</b>						
FLORIDA	35.2	32.5	38.9	38.4	38.6	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	39	37	32	32	32	-
<b>TEACHER SALARIES</b>						
FLORIDA	\$ 8,935	\$14,149	\$16,780	\$22,250	\$23,833	\$25,198
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	26	30	36	33	30	28

Florida

Florida's SAT average declined from 895 in 1986 to 890 in 1988. In 1982, Florida was ranked 9th among the 22 SAT States; today it is ranked 13th. In terms of 1988 Advanced Placement test participation, however, the State is ranked 3rd. Florida's graduation rate (58.6 percent) is among the nation's lowest and has not improved. Reforms requiring minimum competency tests for promotion and graduation, and linking teacher incentives to student performance have been

GEORGIA

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
GEORGIA	834	814	823	842	840	848
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	20	20	20	20	20	19
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
GEORGIA	-	-	65.0	62.7	62.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	39	48	47	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
GEORGIA	\$ 709	\$ 1,625	\$ 2,019	\$ 2,966	\$ 3,374	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	45	49	44	43	39	-
<b>PUPIL/TEACHER RATIO</b>						
GEORGIA	24.4	20.6	18.8	18.8	18.9	18.7
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	44	39	31	38	40	40
<b>FEDERAL FUNDS (%)</b>						
GEORGIA	15.7	14.1	10.7	8.2	7.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	11	11	11	17	21	-
<b>STATE FUNDS (%)</b>						
GEORGIA	49.3	54.0	56.7	57.1	59.7	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	14	17	15	16	14	-
<b>LOCAL FUNDS (%)</b>						
GEORGIA	35.0	31.9	32.6	34.7	33.2	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	40	38	37	35	37	-
<b>TEACHER SALARIES</b>						
GEORGIA	\$ 7,926	\$13,853	\$16,363	\$23,046	\$24,200	\$26,190
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	42	35	41	27	27	26

Georgia

In 1988, Georgia's SAT average climbed 8 points--to 848--while the national average declined 2 points--to 904. Since 1982, the State has experienced the 3rd greatest score gain among the 22 SAT States. However, Georgia's graduation rate (62.5 percent) has not been improving and it remains below the national average (71.1 percent). The State has put in place reforms such as intervention in cases of academic bankruptcy, minimum competency testing, and teacher

HAWAII

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
HAWAII	921	868	857	880	881	888
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	14	16	18	16	16	15
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
HAWAII	-	-	74.9	70.8	70.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	18	33	33	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
HAWAII	\$ 1,041	\$ 2,322	\$ 2,862	\$ 3,807	\$ 3,787	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	17	21	20	21	26	-
<b>PUPIL/TEACHER RATIO</b>						
HAWAII	22.3	23.4	22.7	22.6	22.6	21.6
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	24	48	48	49	49	49
<b>FEDERAL FUNDS (%)</b>						
HAWAII	11.8	15.3	11.7	10.5	11.8	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	21	9	9	11	2	-
<b>STATE FUNDS (%)</b>						
HAWAII	86.7	84.7	88.2	89.4	88.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	1	1	1	1	1	-
<b>LOCAL FUNDS (%)</b>						
HAWAII	1.5	.	0.1	0.1	0.1	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	51	.	51	51	50	-
<b>TEACHER SALARIES</b>						
HAWAII	\$10,320	\$19,920	\$22,542	\$25,845	\$26,815	\$28,785
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	10	3	7	18	20	16

Hawaii

This year Hawaii's average on the SAT test, 888, rose by 7 points from 1987, compared to a national decline of 2 points. The State is ranked 2nd among the 22 SAT States in test score gains from 1982. In 1982, Hawaii was 36 points below average; today, only 16 points. The State's 1987 graduation rate (70.8 percent) is at about the national average (71.1 percent), but it has not improved much since 1982. Hawaii is ranked 33rd in graduation rates among the 50 States and the District of Columbia.

IDAHO  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
IDAHO	19.9	18.8	18.9	19.2	19.0	19.3
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	11	14	10	11	14	9
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
IDAHO	-	-	74.4	79.0	78.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	20	13	14	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
IDAHO	\$ 698	\$ 1,659	\$ 1,945	\$ 2,484	\$ 2,585	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	46	46	45	49	48	-
<b>PUPIL/TEACHER RATIO</b>						
IDAHO	23.1	20.9	20.9	20.3	20.4	20.7
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	30	41	45	45	46	48
<b>FEDERAL FUNDS (%)</b>						
IDAHO	12.2	9.6	8.2	9.5	8.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	19	27	24	13	14	-
<b>STATE FUNDS (%)</b>						
IDAHO	40.1	57.8	60.9	57.4	62.9	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	26	11	12	15	13	-
<b>LOCAL FUNDS (%)</b>						
IDAHO	47.7	32.6	30.9	33.1	28.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	30	36	39	37	39	-
<b>TEACHER SALARIES</b>						
IDAHO	\$ 7,392	\$13,611	\$16,401	\$20,969	\$21,480	\$22,242
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	47	40	40	40	43	44

**Idaho**

This year Idaho's ACT score, 19.3, rose by three-tenths of a point compared to a national gain of only one-tenth of a point. Since 1982, the State has ranked near the top third of the 28 ACT States. Idaho's 1987 graduation rate, 78.8 percent, is above the national average of 71.1 percent. Since 1982, Idaho has improved its graduation rate by about 4 percentage points and lifted its ranking from 20th to 14th.

ILLINOIS  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
ILLINOIS	19.8	18.5	18.6	19.1	18.9	18.9
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	13	18	16	14	15	15
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
ILLINOIS	-	-	76.1	75.8	75.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	14	21	22	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
ILLINOIS	\$ 1,090	\$ 2,587	\$ 2,936	\$ 3,781	\$ 4,106	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	9	11	15	22	19	-
<b>PUPIL/TEACHER RATIO</b>						
ILLINOIS	21.6	19.1	18.5	17.8	17.4	17.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	16	31	26	31	28	27
<b>FEDERAL FUNDS (%)</b>						
ILLINOIS	5.9	8.3	4.5	4.6	4.3	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	45	35	48	47	48	-
<b>STATE FUNDS (%)</b>						
ILLINOIS	33.1	38.1	38.8	38.5	39.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	35	37	35	41	40	-
<b>LOCAL FUNDS (%)</b>						
ILLINOIS	61.0	53.6	56.8	56.9	56.5	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	15	15	14	11	9	-
<b>TEACHER SALARIES</b>						
ILLINOIS	\$10,624	\$17,601	\$21,020	\$26,897	\$28,238	\$29,663
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	7	9	11	10	12	12

### Illinois

This year Illinois' ACT score, 18.9 and ranking, 15th, are unchanged from last year, while the U.S. average rose by one-tenth of a point. Illinois' 1987 graduation rate, 75.7 percent, fell by one-tenth of a percentage point, compared to a national decline of one-half of a percentage point. Overall, Illinois' rankings in the ACT, 15 out of 28, and in graduation rates, 22 out of 51, are about average. The State offers new routes into teaching and requires entering teachers to take a certification examination. It also requires all districts to issue annual "report cards" that provide detailed school performance profiles to parents and the public.

INDIANA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
INDIANA	906	857	860	874	874	870
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	18	18	17	18	18	18
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
INDIANA	-	-	71.7	75.2	73.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	27	23	26	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
INDIANA	\$ 883	\$ 1,882	\$ 2,306	\$ 3,275	\$ 3,556	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	26	39	38	36	34	-
<b>PUPIL/TEACHER RATIO</b>						
INDIANA	23.5	20.3	20.0	18.6	18.3	17.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	38	36	40	37	34	32
<b>FEDERAL FUNDS (%)</b>						
INDIANA	5.7	8.3	4.1	4.8	4.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	46	35	50	43	38	-
<b>STATE FUNDS (%)</b>						
INDIANA	32.0	53.0	56.2	57.6	58.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	37	18	16	14	15	-
<b>LOCAL FUNDS (%)</b>						
INDIANA	62.3	38.7	39.7	37.5	37.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	14	32	30	34	33	-
<b>TEACHER SALARIES</b>						
INDIANA	\$ 9,755	\$15,599	\$18,636	\$24,325	\$25,581	\$26,881
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	20	22	24	25	24	25

Indiana

In 1988, Indiana's SAT average (870) fell by 4 points from last year (874), compared to a nationwide drop of only 2 points. However, its ranking, 18th out of the 22 SAT States, did not change. The State's 1987 graduation rate, 73.7 percent, fell by one and one-half percentage points, although it remains above the national average of 71.1 percent.

IOWA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
IOWA	22.0	20.5	20.3	20.6	20.3	20.3
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	1	1	2	1	2	1
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
IOWA	-	-	84.1	87.5	86.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	2	5	5	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
IOWA	\$ 1,001	\$ 2,326	\$ 2,874	\$ 3,619	\$ 3,808	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	19	20	19	24	24	-
<b>PUPIL/TEACHER RATIO</b>						
IOWA	20.1	16.7	16.5	15.3	15.5	15.6
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	9	10	11	12	15	14
<b>FEDERAL FUNDS (%)</b>						
IOWA	6.5	6.4	5.2	5.2	5.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	43	48	41	37	34	-
<b>STATE FUNDS (%)</b>						
IOWA	28.3	39.0	42.6	43.1	44.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	39	34	30	31	30	-
<b>LOCAL FUNDS (%)</b>						
IOWA	65.2	54.6	52.2	51.7	50.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	10	13	19	20	20	-
<b>TEACHER SALARIES</b>						
IOWA	\$ 9,207	\$15,203	\$18,270	\$21,690	\$22,615	\$24,847
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,550	\$28,008
RANK	24	24	26	36	38	30

Iowa

This year Iowa, the State with the highest ACT average, did not improve its score, although it regained the #1 position it lost last year. Iowa also leads the ACT States in the percentage of graduates scoring 26 or above in these tests. The State's 1987 graduation rate, 86.4 percent, is considerably higher than the national average of 71.1 percent, ranking it among the top 5 States.

KANSAS  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
KANSAS	20.0	18.7	18.9	19.2	19.3	19.1
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	9	15	10	11	9	12
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
KANSAS	-	-	80.7	81.5	82.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	7	8	9	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
KANSAS	\$ 881	\$ 2,173	\$ 2,815	\$ 3,829	\$ 3,933	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	27	23	21	20	21	-
<b>PUPIL/TEACHER RATIO</b>						
KANSAS	20.3	16.2	15.7	15.4	15.4	15.4
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	10	6	5	13	11	12
<b>FEDERAL FUNDS (%)</b>						
KANSAS	8.9	6.9	5.3	4.8	4.8	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	31	42	38	43	41	-
<b>STATE FUNDS (%)</b>						
KANSAS	28.3	42.6	43.1	44.1	42.4	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	39	28	29	30	35	-
<b>LOCAL FUNDS (%)</b>						
KANSAS	62.8	50.5	51.6	51.0	52.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	13	20	20	21	16	-
<b>TEACHER SALARIES</b>						
KANSAS	\$ 8,251	\$13,690	\$16,712	\$22,644	\$23,459	\$24,647
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	38	38	37	29	31	32

Kansas

Kansas' 1988 ACT score, 19.1, dropped slightly from last year, while the nation posted a slight gain. Consequently, the State's ACT score ranking dropped from 9th to 12th. Kansas' graduation rate, however, rose from 81.5 percent in 1986 to 82.1 in 1987, while the national average (71.1 percent) declined slightly. Since 1982, its graduation rate has hovered at about 10 percentage points above the national average.

KENTUCKY

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
KENTUCKY	18.4	17.7	17.5	18.1	18.3	18.2
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	23	23	23	20	20	20
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
KENTUCKY	-	-	65.9	68.6	67.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	38	36	39	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
KENTUCKY	\$ 682	\$ 1,701	\$ 1,906	\$ 2,486	\$ 2,733	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	47	44	47	48	46	-
<b>PUPIL/TEACHER RATIO</b>						
KENTUCKY	23.2	20.5	20.8	19.2	18.6	18.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	32	38	44	41	38	35
<b>FEDERAL FUNDS (%)</b>						
KENTUCKY	17.7	16.0	14.3	13.3	11.6	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	9	6	4	1	6	-
<b>STATE FUNDS (%)</b>						
KENTUCKY	53.4	64.2	64.1	63.0	64.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	10	6	11	12	10	-
<b>LOCAL FUNDS (%)</b>						
KENTUCKY	28.9	19.8	21.5	23.6	23.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	43	48	47	44	43	-
<b>TEACHER SALARIES</b>						
KENTUCKY	\$ 7,362	\$14,520	\$17,290	\$20,948	\$22,476	\$24,253
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	48	29	32	41	39	35

Kentucky

While Kentucky's 1988 ACT score, 18.2, dropped a bit from last year, the State has the 3rd highest ACT test score gain since 1982. Kentucky's 1987 graduation rate of 67.4 percent is lower than the national average of 71.1 percent, ranking it 39th in the country. Kentucky devotes more of its current elementary and secondary school spending to the classroom (49 percent) than any other State. It has also initiated reforms such as minimum competency exams for grade promotion, an academic bankruptcy plan, and new routes into teaching to encourage future gains in education performance

LOUISIANA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
LOUISIANA	18.0	16.8	16.7	16.9	16.9	17.1
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	26	27	27	27	27	27
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
LOUISIANA	-	-	52.9	61.8	60.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	51	50	49	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
LOUISIANA	\$ 875	\$ 1,792	\$ 2,590	\$ 3,187	\$ 3,069	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	29	41	30	39	44	-
<b>PUPIL/TEACHER RATIO</b>						
LOUISIANA	22.9	17.9	19.6	18.5	18.5	18.5
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	29	18	35	36	37	38
<b>FEDERAL FUNDS (%)</b>						
LOUISIANA	14.6	14.6	9.6	10.6	11.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	14	10	14	10	7	-
<b>STATE FUNDS (%)</b>						
LOUISIANA	55.2	54.8	55.0	54.7	55.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	8	16	17	20	18	-
<b>LOCAL FUNDS (%)</b>						
LOUISIANA	30.2	30.6	35.4	34.7	33.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	41	39	36	35	36	-
<b>TEACHER SALARIES</b>						
LOUISIANA	\$ 8,767	\$13,760	\$17,930	\$20,303	\$21,196	\$21,209
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	28	36	28	46	48	48

Louisiana

In 1988 Louisiana's ACT average rose by two-tenths of a point--from 16.9 to 17.1--compared to a national rise of one-tenth of a point. Despite this gain, its score is below the U.S. average (18.8). Louisiana's ranking, 27th among 28 States, has not changed since 1980. The State's 1987 graduation rate fell by about 2 percentage points, from 61.8 to 60.1 percent, while the national rate slipped by one-half of a percentage point. Louisiana has initiated reforms such as minimum competency testing for promotion and graduation.

MAINE  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
MAINE	931	894	890	900	899	896
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	11	6	8	10	10	11
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MAINE	-	-	70.1	76.5	79.3	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	32	20	13	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MAINE	\$ 832	\$ 1,824	\$ 2,221	\$ 3,472	\$ 3,850	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	35	40	41	32	23	-
<b>PUPIL/TEACHER RATIO</b>						
MAINE	21.6	21.2	18.0	14.5	15.5	14.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	16	45	24	5	13	7
<b>FEDERAL FUNDS (%)</b>						
MAINE	9.6	9.9	7.9	6.2	6.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	27	25	25	20	26	-
<b>STATE FUNDS (%)</b>						
MAINE	35.4	44.9	49.5	50.1	50.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	31	26	23	24	23	-
<b>LOCAL FUNDS (%)</b>						
MAINE	55.0	45.2	42.6	43.7	43.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	22	25	28	28	27	-
<b>TEACHER SALARIES</b>						
MAINE	\$ 8,545	\$13,071	\$15,105	\$19,583	\$21,257	\$23,425
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	31	44	46	48	47	40

Maine

In 1988 Maine's SAT score, 896, declined by 3 points from 1987. While it remains in the top half of the 22 SAT States, its ranking (11th) has fallen three places since 1982. Maine's graduation rate ranking however, continues to rise. Since 1982 the State's graduation rate has climbed by over 9 percentage points and its ranking has improved from 32nd to 13th.

MARYLAND  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
MARYLAND	936	885	889	911	914	908
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	8	12	9	6	3	4
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MARYLAND	-	-	74.8	76.6	74.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	19	19	23	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MARYLAND	\$ 1,084	\$ 2,598	\$ 3,234	\$ 4,447	\$ 4,777	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	10	10	7	10	10	-
<b>PUPIL/TEACHER RATIO</b>						
MARYLAND	22.0	18.6	18.5	17.5	17.1	17.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	21	24	26	27	25	24
<b>FEDERAL FUNDS (%)</b>						
MARYLAND	7.8	8.5	6.6	5.4	5.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	36	33	39	36	34	-
<b>STATE FUNDS (%)</b>						
MARYLAND	39.3	38.7	38.3	38.9	38.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	27	35	38	39	42	-
<b>LOCAL FUNDS (%)</b>						
MARYLAND	53.0	52.8	55.1	55.7	56.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	24	19	17	14	10	-
<b>TEACHER SALARIES</b>						
MARYLAND	\$10,463	\$17,558	\$21,120	\$26,800	\$28,893	\$30,933
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	8	10	10	11	8	8

Maryland

Despite a 6-point drop in this year's SAT average--from last year's 914 to 908--Maryland remains among the top five SAT performers. Since 1980, its rank among the 22 SAT States has risen from 12th to 4th. The State is also ranked 3rd in the percent of graduates scoring 600 or above in the verbal section of the SAT and 4th in the math section. However, Maryland's 1987 graduation rate fell by more than 2 points--from 76.6 to 74.5 percent, and its ranking

MARYLAND  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
MARYLAND	936	885	889	911	914	908
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	8	12	9	6	3	4
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MARYLAND	-	-	74.8	76.6	74.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	19	19	23	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MARYLAND	\$ 1,084	\$ 2,598	\$ 3,234	\$ 4,447	\$ 4,777	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	10	10	7	10	10	-
<b>PUPIL/TEACHER RATIO</b>						
MARYLAND	22.0	18.6	18.5	17.5	17.1	17.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	21	24	26	27	25	24
<b>FEDERAL FUNDS (%)</b>						
MARYLAND	7.8	8.5	6.6	5.4	5.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	36	33	30	36	34	-
<b>STATE FUNDS (%)</b>						
MARYLAND	39.3	38.7	38.3	38.9	38.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	27	35	38	39	42	-
<b>LOCAL FUNDS (%)</b>						
MARYLAND	53.0	52.8	55.1	55.7	56.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	24	19	17	14	10	-
<b>TEACHER SALARIES</b>						
MARYLAND	\$10,463	\$17,558	\$21,120	\$26,800	\$28,893	\$30,933
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	8	10	10	11	8	8

Maryland

Despite a 6-point drop in this year's SAT average--from last year's 914 to 908--Maryland remains among the top five SAT performers. Since 1980, its rank among the 22 SAT States has risen from 12th to 4th. The State is also ranked 3rd in the percent of graduates scoring 600 or above in the verbal section of the SAT and 4th in the math section. However, Maryland's 1987 graduation rate fell by more than 2 points--from 76.6 to 74.5 percent, and its ranking

**MASSACHUSETTS**

**SUMMARY OF SELECTED WALL CHART KEY INDICATORS**

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
MASSACHUSETTS	933	887	888	909	909	906
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	10	10	11	7	7	7
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MASSACHUSETTS	-	-	76.4	76.7	76.5	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	13	18	20	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MASSACHUSETTS	\$ 1,052	\$ 2,819	\$ 3,137	\$ 4,562	\$ 5,145	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	15	6	11	9	7	-
<b>PUPIL/TEACHER RATIO</b>						
MASSACHUSETTS	21.8	14.9	15.2	14.9	14.4	13.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	19	2	3	6	5	3
<b>FEDERAL FUNDS (%)</b>						
MASSACHUSETTS	4.9	6.5	5.2	5.0	4.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	48	46	41	39	38	-
<b>STATE FUNDS (%)</b>						
MASSACHUSETTS	26.4	33.7	36.8	41.7	45.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	43	43	41	34	29	-
<b>LOCAL FUNDS (%)</b>						
MASSACHUSETTS	68.7	59.8	58.0	53.2	50.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	8	8	11	16	21	-
<b>TEACHER SALARIES</b>						
MASSACHUSETTS	\$10,176	\$17,253	\$20,249	\$26,800	\$28,410	\$30,295
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	14	11	13	11	10	10

Massachusetts

Massachusetts' 1988 SAT average of 906 is 3 points lower than in 1987, but 2 points higher than the national average of 904. The State continues to rank 7th among the 22 SAT States. It is ranked 5th in terms of the percent of graduates scoring 600 or above in both the verbal and math sections of the SAT test. The graduation rate has hovered around 76 percent since 1982, while the national graduation rate (71.1 percent) has increased slightly. The State's ranking has slipped from 13th to 20th. The State has initiated reforms such as new routes into teaching to help raise

**MICHIGAN**  
**SUMMARY OF SELECTED WALL CHART KEY INDICATORS**

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
MICHIGAN	19.4	18.9	18.7	18.9	18.8	18.8
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	17	10	12	17	17	17
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MICHIGAN	-	-	71.6	67.8	62.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	28	38	48	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MICHIGAN	\$ 1,113	\$ 2,640	\$ 3,140	\$ 4,176	\$ 4,353	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	7	8	10	12	14	-
<b>PUPIL/TEACHER RATIO</b>						
MICHIGAN	24.8	21.5	22.9	20.6	20.2	20.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	47	46	49	47	45	45
<b>FEDERAL FUNDS (%)</b>						
MICHIGAN	7.3	7.2	5.5	5.9	5.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	39	40	37	30	31	-
<b>STATE FUNDS (%)</b>						
MICHIGAN	43.4	39.6	33.1	34.9	34.9	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	21	32	44	44	43	-
<b>LOCAL FUNDS (%)</b>						
MICHIGAN	49.4	53.3	61.5	59.3	59.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	28	16	7	8	8	-
<b>TEACHER SALARIES</b>						
MICHIGAN	\$11,620	\$19,663	\$24,304	\$30,067	\$31,500	\$32,926
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$11,274	\$25,201	\$26,556	\$28,008
RANK	3	5	2	4	4	6

Michigan

Michigan's 1988 ACT score, 18.8, and its ranking among the 28 ACT States, 17th, are unchanged from the previous year, while the ACT's overall average went up by one-tenth of a point--from 18.7 to 18.8. The State's graduation rate dropped by about 5 percentage points--from 67.8 in 1986 to 62.4 percent in 1987--while the U.S. average dropped by less than a point. In 1982, Michigan stood 2 percentage points above the national graduation rate; today, it is about 8 points below the average.

MINNESOTA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
MINNESOTA	21.4	20.3	20.2	20.3	20.2	19.9
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	2	3	3	3	3	3
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MINNESOTA	-	-	88.2	91.4	90.6	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	1	1	1	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MINNESOTA	\$ 1,084	\$ 2,387	\$ 2,905	\$ 3,941	\$ 4,180	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	10	19	18	18	17	-
<b>PUPIL/TEACHER RATIO</b>						
MINNESOTA	20.5	17.6	17.1	17.1	17.4	17.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	11	14	16	25	28	24
<b>FEDERAL FUNDS (%)</b>						
MINNESOTA	6.6	5.9	4.7	4.3	4.2	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	42	49	47	48	49	-
<b>STATE FUNDS (%)</b>						
MINNESOTA	47.7	57.3	64.2	55.7	56.9	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	16	12	10	18	16	-
<b>LOCAL FUNDS (%)</b>						
MINNESOTA	45.7	36.8	31.1	40.1	38.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	32	34	38	29	31	-
<b>TEACHER SALARIES</b>						
MINNESOTA	\$10,219	\$15,912	\$19,907	\$27,360	\$28,340	\$29,900
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	12	21	16	7	11	11

Minnesota

Minnesota does an outstanding job in graduating its students. The State's 1987 graduation rate of over 90 percent leads the nation, and it has been #1 since 1982. Although Minnesota's ACT score for this year, 19.9, slipped somewhat from last year, the State's students consistently score above average in these tests. It has held its 3rd place ranking among the 28 SAT States since 1982. Minnesota's education reform program promises continuing high performance for its students.

MISSISSIPPI

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
MISSISSIPPI	16.3	15.6	15.5	16.3	16.3	16.2
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	28	28	28	28	28	28
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MISSISSIPPI	-	-	61.3	63.3	64.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	47	46	44	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MISSISSIPPI	\$ 657	\$ 1,664	\$ 1,706	\$ 2,362	\$ 2,350	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	51	45	51	51	51	-
<b>PUPIL/TEACHER RATIO</b>						
MISSISSIPPI	23.2	18.7	19.3	18.1	19.0	18.8
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	32	26	34	32	41	41
<b>FEDERAL FUNDS (%)</b>						
MISSISSIPPI	27.8	25.1	18.3	12.0	10.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	1	1	1	5	10	-
<b>STATE FUNDS (%)</b>						
MISSISSIPPI	48.5	56.0	58.9	64.7	65.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	15	14	14	10	9	-
<b>LOCAL FUNDS (%)</b>						
MISSISSIPPI	23.6	18.9	22.8	23.3	24.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	46	49	46	45	42	-
<b>TEACHER SALARIES</b>						
MISSISSIPPI	\$ 6,530	\$11,850	\$14,135	\$18,472	\$19,447	\$20,562
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	51	51	51	50	50	49

Mississippi

In terms of graduation rates, Mississippi is improving. The 1987 graduation rate, 64.8 percent, is more than a percentage point higher than 1986's and its ranking is up from 46th to 44th. Over the 1982-88 period Mississippi's ACT average has improved from 15.5 to 16.2. While this seven-tenths of a point gain exceeds the average four-tenths of a point gain for all 28 ACT States, Mississippi's test performance remains below the national average of 18.8.

MISSOURI  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
MISSOURI	20.1	18.9	18.7	19.2	19.2	19.1
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	8	10	12	11	12	12
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MISSOURI	-	-	74.2	75.6	74.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	21	22	24	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MISSOURI	\$ 846	\$ 1,936	\$ 2,342	\$ 3,189	\$ 3,472	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	34	31	37	38	36	-
<b>PUPIL/TEACHER RATIO</b>						
MISSOURI	23.3	17.9	17.0	16.5	16.4	16.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	35	18	15	20	21	19
<b>FEDERAL FUNDS (%)</b>						
MISSOURI	9.3	10.6	8.4	6.5	6.3	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	29	23	20	26	27	-
<b>STATE FUNDS (%)</b>						
MISSOURI	33.5	36.4	41.1	40.6	41.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	33	40	31	37	37	-
<b>LOCAL FUNDS (%)</b>						
MISSOURI	57.2	53.0	50.5	52.9	52.5	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	19	17	22	18	18	-
<b>TEACHER SALARIES</b>						
MISSOURI	\$ 8,688	\$13,682	\$16,413	\$21,945	\$23,435	\$24,709
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	29	35	39	34	32	31

Missouri

Missouri's 1988 ACT average, 19.1, slipped by one-tenth of a point since last year, but it remains 12th among the 28 ACT States. Since 1982, the State's ACT gain of four-tenths of a point matches the average for these States. The 1987 graduation rate, 74.4 percent, exceeds the U.S. average of 71.1 percent. However, over the 1982-87 period Missouri's graduation rate has not improved as fast as the nation as a whole and its ranking has declined from 21st to 24th.

## MONTANA

## SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
MONTANA	21.1	19.6	19.5	19.8	19.9	19.9
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	3	5	6	7	4	3
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
MONTANA	-	-	78.7	87.2	86.2	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	9	6	6	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
MONTANA	\$ 900	\$ 2,476	\$ 2,958	\$ 4,091	\$ 4,194	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	25	16	14	15	16	-
<b>PUPIL/TEACHER RATIO</b>						
MONTANA	.	16.6	16.5	15.9	15.6	15.8
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	.	8	11	17	15	16
<b>FEDERAL FUNDS (%)</b>						
MONTANA	10.3	9.4	6.9	7.0	8.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	25	29	27	23	16	-
<b>STATE FUNDS (%)</b>						
MONTANA	22.3	48.1	46.9	49.0	47.8	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	45	23	26	25	26	-
<b>LOCAL FUNDS (%)</b>						
MONTANA	67.3	42.6	46.2	44.0	43.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	9	27	26	27	26	-
<b>TEACHER SALARIES</b>						
MONTANA	\$ 8,514	\$14,537	\$17,770	\$22,482	\$23,206	\$23,798
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	32	28	29	31	33	38

Montana

This year's ACT average for Montana is the same as last year's, 19.9, but a slight drop in scores among other ACT States pushed its ranking up from 4th to 3rd. Since 1982 Montana's scores have exceeded the national average by more than a point. The State's 1987 graduation rate, 86.2 percent, and its ranking, 6th are especially impressive. Since 1982, Montana's graduation rate has increased by more than 7 percentage points, compared to a national improvement of under 2 percentage points.

NEBRASKA

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
NEBRASKA	20.6	20.0	19.9	20.0	19.8	19.8
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	5	4	4	4	7	5
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEBRASKA	-	-	81.9	88.1	86.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	6	4	4	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEBRASKA	911	\$ 2,150	\$ 2,704	\$ 3,634	\$ 3,756	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	24	24	24	23	29	-
<b>PUPIL/TEACHER RATIO</b>						
NEBRASKA	20.0	15.7	15.7	15.0	15.1	15.1
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	7	4	5	8	8	9
<b>FEDERAL FUNDS (%)</b>						
NEBRASKA	9.8	7.6	6.9	6.5	6.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	26	39	27	26	29	-
<b>STATE FUNDS (%)</b>						
NEBRASKA	17.9	16.7	26.6	24.3	22.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	48	49	49	49	49	-
<b>LOCAL FUNDS (%)</b>						
NEBRASKA	72.3	75.7	66.6	69.3	71.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	4	3	4	3	3	-
<b>TEACHER SALARIES</b>						
NEBRASKA	\$ 8,454	\$13,516	\$16,570	\$20,939	\$21,834	\$22,683
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	36	41	38	42	42	42

Nebraska

Nebraska's ACT average of 19.8 is the same as last year's but it is 1 point above the national average for the 28 ACT States. The State is ranked 5th in the percentage of its graduates scoring 26 or above on the ACT test. Nebraska's graduation rate fell slightly in 1987--from 88.1 to 86.7 percent. However, it retains its #4 ranking among the States and its graduation rate (86.7 percent) exceeds the U.S. average (71.1 percent) by more than 15 percentage points.

NEVADA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
NEVADA	19.3	18.6	18.3	19.0	19.1	19.0
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	18	16	18	16	13	14
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEVADA	-	-	64.8	73.1	72.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	40	29	31	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEVADA	\$ 920	\$ 2,088	\$ 2,424	\$ 3,440	\$ 3,573	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	22	25	35	33	32	-
<b>PUPIL/TEACHER RATIO</b>						
NEVADA	24.4	21.1	21.1	20.0	20.4	20.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	44	43	45	43	46	46
<b>FEDERAL FUNDS (%)</b>						
NEVADA	9.0	6.7	5.0	5.0	4.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	30	43	44	39	45	-
<b>STATE FUNDS (%)</b>						
NEVADA	38.9	51.5	47.9	46.9	39.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	28	20	25	27	39	-
<b>LOCAL FUNDS (%)</b>						
NEVADA	52.1	41.9	47.0	48.2	56.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	25	29	25	24	12	-
<b>TEACHER SALARIES</b>						
NEVADA	\$10,200	\$16,295	\$19,940	\$25,610	\$26,960	\$27,600
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	13	14	14	20	19	21

Nevada

Nevada's ACT average for 1988, 19.0, dropped slightly, one-tenth of a point, while the average for all ACT States rose by one-tenth of a point. Since 1982, however, the State's scores have risen from slightly below to slightly above average and its ACT ranking climbed from 18th to 14th. Although Nevada's graduation rate dropped by a full percentage point in 1987, its graduation rate has risen by over 7 percentage points since 1982 and its ranking improved by 9 places. Nevada has instituted education reforms such as minimum competency testing for graduation.

NEW HAMPSHIRE  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
NEW HAMPSHIRE	972	926	925	935	938	933
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	1	1	1	1	1	1
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEW HAMPSHIRE	-	-	77.0	73.3	72.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	11	28	29	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEW HAMPSHIRE	\$ 847	\$ 1,916	\$ 2,509	\$ 3,542	\$ 3,933	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,877	-
RANK	33	35	31	26	21	-
<b>PUPIL/TEACHER RATIO</b>						
NEW HAMPSHIRE	22.0	25.2	16.8	15.9	15.9	16.0
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	21	50	13	17	17	17
<b>FEDERAL FUNDS (%)</b>						
NEW HAMPSHIRE	7.8	6.6	4.5	4.2	3.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	36	44	48	49	51	-
<b>STATE FUNDS (%)</b>						
NEW HAMPSHIRE	6.2	8.2	8.1	6.9	5.9	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	50	50	50	50	50	-
<b>LOCAL FUNDS (%)</b>						
NEW HAMPSHIRE	86.0	85.1	87.4	88.9	90.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	1	1	1	1	1	-
<b>TEACHER SALARIES</b>						
NEW HAMPSHIRE	\$ 8,453	\$13,017	\$14,894	\$20,263	\$21,369	\$24,019
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	37	47	47	47	40	37

New Hampshire

Despite a 5-point drop in its SAT average--from 938 in 1987 to 933 in 1988, New Hampshire retained the number 1 ranking among the 22 SAT States. In addition, it is ranked 1st and 2nd, respectively, in the percent of graduates scoring 600 or above in the math and verbal sections of the SAT. In 1987, the State's graduation rate, 72.7 percent slightly exceeded the U.S. average of 71.1 percent. However, its graduation rates and rankings have fallen slightly since 1982. New Hampshire is working to sustain its leadership position by means of programs requiring minimum

NEW JERSEY  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
NEW JERSEY	916	867	869	889	892	893
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	17	17	15	15	14	12
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEW JERSEY	-	-	76.5	77.6	77.2	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	12	16	19	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEW JERSEY	\$ 1,281	\$ 3,191	\$ 3,674	\$ 5,570	\$ 5,953	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	3	4	4	3	3	-
<b>PUPIL/TEACHER RATIO</b>						
NEW JERSEY	19.6	16.6	15.9	15.0	14.7	14.0
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	5	8	8	8	6	5
<b>FEDERAL FUNDS (%)</b>						
NEW JERSEY	5.7	6.6	4.9	4.8	4.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	46	44	45	43	45	-
<b>STATE FUNDS (%)</b>						
NEW JERSEY	23.4	36.2	38.2	43.0	43.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	44	41	39	32	32	-
<b>LOCAL FUNDS (%)</b>						
NEW JERSEY	70.9	57.2	56.9	52.2	52.5	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	6	9	13	19	18	-
<b>TEACHER SALARIES</b>						
NEW JERSEY	\$10,725	\$17,161	\$19,910	\$27,170	\$28,718	\$30,720
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	6	12	15	9	9	9

New Jersey

New Jersey's 1988 SAT score, 893, rose by 1 point, while the average for all 22 SAT States fell by 2 points. Accordingly, its test score ranking improved--from 14th to 12th. Since 1982, its test score average has improved steadily, with a gain of 24 points for the period versus 11 points for all SAT States. The 1987 graduation rate is down by four-tenths of a point, about the same dropoff as the nation as a whole. Over the 1982-87 period, the State's graduation rate has held at about 7 percentage points above the national average. New Jersey has been a leader in

NEW MEXICO  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
NEW MEXICO	18.4	17.8	17.6	17.9	18.0	18.0
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	23	20	21	24	21	22
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEW MEXICO	-	-	69.4	72.3	71.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	33	31	32	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEW MEXICO	\$ 826	\$ 2,034	\$ 2,703	\$ 3,195	\$ 3,558	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	37	27	25	37	33	-
<b>PUPIL/TEACHER RATIO</b>						
NEW MEXICO	23.2	19.5	18.8	18.8	19.0	18.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	32	33	31	38	41	42
<b>FEDERAL FUNDS (%)</b>						
NEW MEXICO	20.5	16.6	11.3	12.4	12.2	-
NATIONAL AVERAGE	8.9	7.8	7.4	6.7	6.4	-
RANK	6	4	10	2	1	-
<b>STATE FUNDS (%)</b>						
NEW MEXICO	59.6	63.6	68.1	75.4	75.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	4	8	4	2	2	-
<b>LOCAL FUNDS (%)</b>						
NEW MEXICO	19.9	19.9	20.6	12.2	12.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	49	47	48	50	49	-
<b>TEACHER SALARIES</b>						
NEW MEXICO	\$ 8,238	\$14,887	\$18,690	\$21,817	\$23,850	\$24,158
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	39	27	23	35	29	36

New Mexico

New Mexico's 1988 ACT score, 18.0, is unchanged from last year and remains just below the national average of 18.8. The State's 1987 graduation rate, 71.7 percent, while lower than the 72.3 percent reported in 1986, remains slightly above the national average of 71.1 percent. Since 1982, the graduation rate has increased by 2.3 percentage points, compared to a national increase of 1.6 percentage points.

NEW YORK  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
NEW YORK	955	889	896	898	894	889
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	3	8	6	11	12	14
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NEW YORK	-	-	63.4	64.2	62.9	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	44	45	46	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NEW YORK	\$ 1,655	\$ 3,462	\$ 4,280	\$ 6,011	\$ 6,497	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	2	2	2	2	2	-
<b>PUPIL/TEACHER RATIO</b>						
NEW YORK	19.5	18.7	17.6	15.8	15.4	15.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	4	26	21	15	11	10
<b>FEDERAL FUNDS (%)</b>						
NEW YORK	6.8	8.2	5.9	5.7	4.8	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	40	37	34	33	41	-
<b>STATE FUNDS (%)</b>						
NEW YORK	42.6	38.0	38.8	41.1	42.4	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	23	38	35	35	35	-
<b>LOCAL FUNDS (%)</b>						
NEW YORK	50.6	53.8	55.4	53.2	52.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	27	14	15	16	17	-
<b>TEACHER SALARIES</b>						
NEW YORK	\$11,830	\$19,812	\$23,437	\$30,490	\$32,000	\$34,500
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	2	4	4	3	3	3

New York

New York's 1988 SAT score, 889, and ranking, 14th, represent its second consecutive decline. In 1986, the State averaged 898 and was ranked 11th among the 22 SAT States. On the plus side, the State is ranked 5th in the percentage of graduates taking the Advanced Placement tests. The State's graduation rate has also dipped slightly--from 63.4 percent in 1982 to 62.9 percent in 1987. Nationally, the graduation rate rose 1.6 percentage points over the 1982-87 period. New York has initiated education reforms such as minimum competency testing for

NORTH CAROLINA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
NORTH CAROLINA	849	822	827	835	838	841
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	19	19	19	21	21	20
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NORTH CAROLINA	-	-	67.1	70.0	67.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	36	35	37	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NORTH CAROLINA	\$ 741	\$ 1,754	\$ 2,107	\$ 2,948	\$ 3,129	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	42	42	42	44	41	-
<b>PUPIL/TEACHER RATIO</b>						
NORTH CAROLINA	23.8	20.4	19.9	18.8	18.7	18.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	40	37	38	38	39	35
<b>FEDERAL FUNDS (%)</b>						
NORTH CAROLINA	18.0	13.8	11.9	8.8	7.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	8	13	7	16	17	-
<b>STATE FUNDS (%)</b>						
NORTH CAROLINA	56.7	60.5	65.2	66.2	66.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	5	9	8	9	8	-
<b>LOCAL FUNDS (%)</b>						
NORTH CAROLINA	25.3	25.7	22.9	25.0	26.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	45	42	45	41	40	-
<b>TEACHER SALARIES</b>						
NORTH CAROLINA	\$ 8,593	\$14,117	\$16,947	\$22,340	\$23,879	\$24,900
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	30	32	35	32	29	29

North Carolina

North Carolina's 1988 SAT score, 841, is up by 3 points since 1987, compared to a national decline of 2 points. Since 1982, the State's ACT score increased 14 points; 3 points more than the nation-wide gain. The State's 1987 graduation rate, 67.8 percent, and its ranking, 37th, have improved only a little since 1982. North Carolina has introduced education reforms such as minimum competency testing for graduation.

NORTH DAKOTA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
NORTH DAKOTA	19.6	18.0	17.8	18.5	18.8	18.7
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	15	19	19	18	17	18
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
NORTH DAKOTA	-	-	83.9	89.7	88.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	3	3	3	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
NORTH DAKOTA	\$ 831	\$ 1,920	\$ 2,727	\$ 3,483	\$ 3,437	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	36	33	23	31	37	-
<b>PUPIL/TEACHER RATIO</b>						
NORTH DAKOTA	19.3	15.6	16.8	15.2	15.3	15.6
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	3	3	13	11	9	14
<b>FEDERAL FUNDS (%)</b>						
NORTH DAKOTA	16.2	11.2	8.4	9.0	9.4	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	10	19	20	15	12	-
<b>STATE FUNDS (%)</b>						
NORTH DAKOTA	28.0	44.1	53.8	53.1	50.8	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	41	27	18	22	22	-
<b>LOCAL FUNDS (%)</b>						
NORTH DAKOTA	55.8	44.7	37.7	37.9	39.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	20	26	34	33	29	-
<b>TEACHER SALARIES</b>						
NORTH DAKOTA	\$ 7,587	\$13,263	\$17,426	\$20,816	\$21,284	\$21,660
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	46	42	31	43	46	46

North Dakota

For 1988, North Dakota's ACT score (18.7) dropped slightly, while the average for all ACT States rose slightly--from 18.7 to 18.8. Since 1982, however, the State's average has increased by nine-tenths of a point compared to just four-tenths of a point for all ACT States. This increase is greater than that of any other ACT State. The State's 1987 graduation rate is down--from 89.7 to 88.4 percent, but it remains more than 17 percentage points above the national average of 71.1 percent. This exceptional figure places the State 3rd among the 50 States and the District

OHIO  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
OHIO	20.0	19.1	19.0	19.3	19.3	19.3
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	9	9	9	9	9	9
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
OHIO	-	-	77.5	80.4	82.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	10	11	8	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
OHIO	\$ 855	\$ 2,075	\$ 2,492	\$ 3,527	\$ 3,671	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	32	26	32	29	31	-
<b>PUPIL/TEACHER RATIO</b>						
OHIO	24.2	20.0	19.7	18.3	18.1	18.0
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	42	35	36	34	32	33
<b>FEDERAL FUNDS (%)</b>						
OHIO	4.0	7.7	6.3	5.7	5.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	51	38	31	33	33	-
<b>STATE FUNDS (%)</b>						
OHIO	18.7	45.8	38.5	45.6	49.6	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	47	24	37	29	24	-
<b>LOCAL FUNDS (%)</b>						
OHIO	77.4	46.5	55.2	48.7	44.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	2	24	16	23	24	-
<b>TEACHER SALARIES</b>						
OHIO	\$ 8,772	\$15,269	\$18,550	\$24,518	\$26,208	\$27,606
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	27	23	25	23	22	20

Ohio

Ohio's 1988 average ACT score, 19.3, and its rank among the 28 ACT States, 9th, are the same as in 1986. The figures place it one-half point above the average ACT State and among the top third. Its 1987 graduation rate, 82.8 percent, is more than 11 percentage points above the national average of 71.1 percent. Since 1982, the graduation rate has climbed by 5 percentage points. Ohio has implemented education reforms such as academic bankruptcy provisions and minimum competency testing for graduation.

OKLAHOMA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
OKLAHOMA	18.7	17.8	17.6	17.8	17.7	18.0
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	21	20	21	25	25	22
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
OKLAHOMA	-	-	70.8	71.6	72.6	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	30	32	30	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
OKLAHOMA	\$ 731	\$ 1,926	\$ 2,673	\$ 3,146	\$ 3,099	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	43	32	26	40	42	-
<b>PUPIL/TEACHER RATIO</b>						
OKLAHOMA	22.7	17.6	17.2	16.6	16.9	16.9
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	27	14	17	22	24	23
<b>FEDERAL FUNDS (%)</b>						
OKLAHOMA	13.5	14.1	9.2	5.9	5.6	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	17	11	17	30	32	-
<b>STATE FUNDS (%)</b>						
OKLAHOMA	45.2	55.7	65.4	63.3	63.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	20	15	7	11	12	-
<b>LOCAL FUNDS (%)</b>						
OKLAHOMA	41.3	30.3	25.4	30.9	30.9	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	33	40	41	40	38	-
<b>TEACHER SALARIES</b>						
OKLAHOMA	\$ 7,647	\$13,107	\$16,210	\$21,419	\$21,468	\$21,630
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	45	43	43	38	44	47

Oklahoma

This year, Oklahoma's ACT score rose by three-tenths of a point from 17.7 to 18.0 and its ranking among the 28 ACT States rose by 3 places. The State's 1987 graduation rate, 72.6 percent, also rose, in contrast to the slight dip in the national average. Since 1982, Oklahoma's graduation rate has increased more than the national average.

OREGON  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
OREGON	938	893	908	930	928	923
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	7	7	2	2	2	2
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
OREGON	-	-	72.4	74.1	72.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	25	26	28	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
OREGON	\$ 1,125	\$ 2,692	\$ 3,299	\$ 4,141	\$ 4,337	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	6	7	6	14	15	-
<b>PUPIL/TEACHER RATIO</b>						
OREGON	21.0	18.9	20.3	18.2	18.3	18.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	14	29	41	33	34	37
<b>FEDERAL FUNDS (%)</b>						
OREGON	3.6	9.6	6.9	6.6	6.6	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	32	27	27	25	25	-
<b>STATE FUNDS (%)</b>						
OREGON	20.2	33.6	31.2	28.5	28.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	46	44	45	47	47	-
<b>LOCAL FUNDS (%)</b>						
OREGON	71.2	56.8	61.9	64.9	65.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	5	12	6	4	4	-
<b>TEACHER SALARIES</b>						
OREGON	\$ 9,485	\$16,266	\$20,305	\$25,660	\$26,690	\$28,060
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$15,274	\$25,201	\$26,556	\$28,008
RANK	21	15	12	19	21	19

Oregon

In 1988, Oregon retained its 2nd place ranking among the 22 SAT States despite a 5 point drop in its average score--from 928 to 923. Since 1982, however, Oregon has increased the gap between its score and the national average from 15 to 19 points. However, Oregon's 1987 graduation rate, 72.8 percent, is down by over a point from 1986.

PENNSYLVANIA

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
PENNSYLVANIA	926	886	885	894	891	986
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	13	11	13	14	15	16
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
PENNSYLVANIA	-	-	76.0	78.5	78.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	16	14	15	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
PENNSYLVANIA	\$ 1,083	\$ 2,535	\$ 3,050	\$ 4,325	\$ 4,616	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	12	33	12	11	11	-
<b>PUPIL/TEACHER RATIO</b>						
PENNSYLVANIA	21.5	17.6	17.3	16.6	16.3	16.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	15	14	19	22	19	19
<b>FEDERAL FUNDS (%)</b>						
PENNSYLVANIA	6.8	9.9	5.3	5.1	5.1	-
NATIONAL AVERAGE	8.9	9.0	7.4	6.7	6.4	-
RANK	40	25	38	38	34	-
<b>STATE FUNDS (%)</b>						
PENNSYLVANIA	47.0	41.1	45.0	46.0	46.3	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	19	30	28	28	28	-
<b>LOCAL FUNDS (%)</b>						
PENNSYLVANIA	46.2	49.0	49.7	48.9	48.6	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	31	23	23	22	22	-
<b>TEACHER SALARIES</b>						
PENNSYLVANIA	\$ 9,903	\$16,515	\$19,482	\$25,853	\$27,422	\$29,177
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	19	13	18	17	16	14

Pennsylvania

This year's SAT score of 886 is 5 points lower than last year's. Over the 1982-88 period, Pennsylvania's test scores rose by 1 point, compared to 11 points for the 22 SAT States, and its ranking has slipped from 13th to 16th. The graduation picture is brighter, however. The 1987 graduation rate, 78.7 percent, is up a bit while the national average is down. Since 1982, the State's graduation rate has improved by almost 3 percentage points compared to the U.S. average of less than 2 percentage points. Pennsylvania is also initiating education reforms such as new routes into teaching.

RHODE ISLAND

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
RHODE ISLAND	927	875	877	898	898	900
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	12	14	14	11	11	9
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
RHODE ISLAND	-	-	72.7	67.3	69.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	24	40	36	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
RHODE ISLAND	\$ 1,050	\$ 2,601	\$ 3,040	\$ 4,667	\$ 4,985	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	16	9	13	7	8	-
<b>PUPIL/TEACHER RATIO</b>						
RHODE ISLAND	20.7	16.7	16.1	15.1	15.0	15.0
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	13	10	10	10	7	8
<b>FEDERAL FUNDS (%)</b>						
RHODE ISLAND	7.5	10.3	5.1	4.9	4.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	38	24	43	41	44	-
<b>STATE FUNDS (%)</b>						
RHODE ISLAND	41.5	32.7	34.2	41.1	42.6	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	24	45	43	35	34	-
<b>LOCAL FUNDS (%)</b>						
RHODE ISLAND	51.0	57.0	60.7	54.0	52.9	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	26	10	8	15	15	-
<b>TEACHER SALARIES</b>						
RHODE ISLAND	\$ 9,910	\$18,002	\$21,659	\$29,470	\$31,079	\$32,858
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	18	8	8	5	6	7

Rhode Island

This year Rhode Island's SAT average rose by 2 points while the U.S. average declined by the same amount. Since 1982, the state's average has climbed by 23 points and its ranking among the 22 SAT States has climbed 5 places--from 14th to 9th. The State's 1987 graduation rate is also up--from 67.3 percent to 69.4 percent and its ranking has risen from 40th to 36th. It is, however, slightly under the U.S. average (71.1 percent).

SOUTH CAROLINA

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
SOUTH CAROLINA	823	784	790	826	832	838
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	21	21	22	22	22	22
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
SOUTH CAROLINA	-	-	63.8	64.5	66.9	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	42	43	40	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
SOUTH CAROLINA	\$ 729	\$ 1,752	\$ 1,907	\$ 3,058	\$ 3,237	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	44	43	46	41	40	-
<b>PUPIL/TEACHER RATIO</b>						
SOUTH CAROLINA	25.2	19.7	19.0	17.5	17.3	17.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	49	34	33	27	27	27
<b>FEDERAL FUNDS (%)</b>						
SOUTH CAROLINA	18.7	17.8	10.1	9.3	8.9	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	7	3	13	14	14	-
<b>STATE FUNDS (%)</b>						
SOUTH CAROLINA	53.8	45.0	50.9	57.8	56.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	9	25	22	13	17	-
<b>LOCAL FUNDS (%)</b>						
SOUTH CAROLINA	27.5	37.1	39.0	32.9	35.1	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	44	33	31	38	34	-
<b>TEACHER SALARIES</b>						
SOUTH CAROLINA	\$ 7,355	\$13,063	\$15,615	\$21,595	\$23,201	\$24,403
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	49	45	44	37	34	34

South Carolina

South Carolina's 1988 SAT score is up again--from 832 to 838. Since 1982, the State's SAT average has jumped 48 points, a gain unmatched by any other State. Its 1987 graduation rate also improved from 1986's 64.5 percent to 66.9 percent. Over the 1982-87 period, its graduation rate increased by over 3 percentage points, about twice the national percentage point gain. State reforms such as its academic bankruptcy program, its minimum competency requirements for promotion and graduation, and its policy linking teacher compensation to student performance may have contributed to

SOUTH DAKOTA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
SOUTH DAKOTA	20.6	19.3	19.1	19.9	19.6	19.8
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	5	7	8	5	8	5
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
SOUTH DAKOTA	-	-	82.7	81.5	79.7	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	5	8	12	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
SOUTH DAKOTA	\$ 824	\$ 1,908	\$ 2,300	\$ 3,051	\$ 3,097	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	38	37	39	42	43	-
<b>PUPIL/TEACHER RATIO</b>						
SOUTH DAKOTA	20.0	16.5	15.8	14.9	15.6	15.5
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	7	7	7	6	15	13
<b>FEDERAL FUNDS (%)</b>						
SOUTH DAKOTA	15.5	15.4	11.8	12.1	11.8	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	12	7	8	4	2	-
<b>STATE FUNDS (%)</b>						
SOUTH DAKOTA	14.0	23.0	27.5	27.4	27.2	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	49	48	48	48	48	-
<b>LOCAL FUNDS (%)</b>						
SOUTH DAKOTA	70.5	61.5	60.7	60.6	61.0	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	7	6	8	6	5	-
<b>TEACHER SALARIES</b>						
SOUTH DAKOTA	\$ 7,678	\$12,348	\$14,717	\$18,095	\$18,781	\$19,758
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	44	49	48	51	51	51

South Dakota

This year South Dakota's ACT average, 19.8, is up by two-tenths of a point, compared to a one-tenth of a point gain across the 28 ACT States. The State is ranked 5th in this year's ACT score. Its score is up by seven-tenths of a point since 1982--the third highest ACT gain over the 1982-88 period. Although its 1987 graduation rate, 79.7 percent, is down by almost 2 percentage points since 1986, it still ranks among the top quarter of the 50 States and the District of Columbia.

TENNESSEE  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
TENNESSEE	18.3	17.5	17.5	18.0	18.0	18.0
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	25	25	23	23	21	22
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
TENNESSEE	-	-	67.8	67.4	67.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	35	39	37	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
TENNESSEE	\$ 672	\$ 1,635	\$ 1,895	\$ 2,612	\$ 2,827	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	48	48	48	46	45	-
<b>PUPIL/TEACHER RATIO</b>						
TENNESSEE	24.9	21.1	20.5	20.3	19.9	19.6
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	48	43	42	45	44	44
<b>FEDERAL FUNDS (%)</b>						
TENNESSEE	14.7	15.4	13.2	12.2	11.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	13	7	5	3	9	-
<b>STATE FUNDS (%)</b>						
TENNESSEE	47.1	42.2	39.8	42.6	44.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	17	29	34	33	30	-
<b>LOCAL FUNDS (%)</b>						
TENNESSEE	38.1	42.4	47.1	45.2	44.4	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	36	28	24	25	25	-
<b>TEACHER SALARIES</b>						
TENNESSEE	\$ 7,990	\$13,972	\$16,285	\$21,384	\$22,627	\$23,785
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	41	34	42	39	37	39

Tennessee

Tennessee's 1988 ACT score, 18.0, is unchanged since 1986. Its score has improved by five-tenths of a point since 1982--about the average level of improvement. The graduation rate rose from 67.4 percent in 1986 to 67.8 percent in 1987, compared to a drop of one-half of a percentage point for the nation. Reforms such as minimum competency testing for promotion and graduation and a program linking teacher incentives to student performance have been introduced in Tennessee.

TEXAS  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
TEXAS	921	871	868	877	875	879
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	14	15	16	17	17	17
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
TEXAS	-	-	63.6	64.3	65.1	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	43	44	43	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
TEXAS	\$ 786	\$ 1,916	\$ 2,229	\$ 3,298	\$ 3,409	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	40	35	40	35	38	-
<b>PUPIL/TEACHER RATIO</b>						
TEXAS	22.5	18.7	18.4	17.3	17.2	17.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	26	26	25	26	26	29
<b>FEDERAL FUNDS (%)</b>						
TEXAS	12.5	11.6	8.6	7.4	7.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	18	17	19	21	21	-
<b>STATE FUNDS (%)</b>						
TEXAS	47.1	49.1	45.7	47.6	47.1	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	17	21	27	26	27	-
<b>LOCAL FUNDS (%)</b>						
TEXAS	40.4	39.3	45.6	45.0	45.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	34	31	27	26	23	-
<b>TEACHER SALARIES</b>						
TEXAS	\$ 8,472	\$14,132	\$17,582	\$24,463	\$24,903	\$25,558
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	33	31	30	24	26	27

Texas

This year's SAT score, 879, is 4 points above last year's and 11 points above 1982's. Similarly, the graduation rate is on the upswing. The 1987 rate, 65.1 percent, is up by almost a point. Since 1982, Texas' graduation rate, although lower than average, has improved as much as the U.S. average. Texas has initiated recent reforms in the areas of academic bankruptcy, minimum competency testing for graduation, and new routes into teaching.

UTAH  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
UTAH	19.7	18.6	18.4	19.1	18.9	18.9
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	14	16	17	14	15	15
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
UTAH	-	-	75.0	80.3	80.6	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	17	12	10	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
UTAH	\$ 768	\$ 1,657	\$ 1,872	\$ 2,390	\$ 2,415	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	41	47	49	50	50	-
<b>PUPIL/TEACHER RATIO</b>						
UTAH	26.6	26.6	27.4	23.6	23.4	24.7
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	50	51	51	51	51	51
<b>FEDERAL FUNDS (%)</b>						
UTAH	11.1	8.5	6.3	5.7	6.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	23	33	31	33	29	-
<b>STATE FUNDS (%)</b>						
UTAH	51.4	52.1	52.1	55.6	54.4	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	12	19	21	19	20	-
<b>LOCAL FUNDS (%)</b>						
UTAH	37.5	39.4	41.6	38.7	39.6	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	37	30	29	30	30	-
<b>TEACHER SALARIES</b>						
UTAH	\$ 8,460	\$14,909	\$18,106	\$22,603	\$23,035	\$22,572
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	35	26	27	30	36	43

Utah

Utah currently leads the nation in the percentage of graduates who participate in Advanced Placement testing. It is also doing a good job in graduating its students. The 1987 graduation rate of 80.6 percent is about 10 points above the U.S. average, compared to 6 points above the U.S. average in 1982. Utah's ACT score did not improve this year, averaging 18.9 in both 1987 and 1988, placing it 15th among the 28 ACT States.

VERMONT  
SUMMARY OF SELECTED HALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
VERMONT	935	900	904	916	914	909
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	9	2	3	4	3	3
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
VERMONT	-	-	79.6	77.6	78.0	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	8	16	16	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
VERMONT	\$ 995	\$ 1,997	\$ 2,793	\$ 4,031	\$ 4,399	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	21	28	22	16	13	-
<b>PUPIL/TEACHER RATIO</b>						
VERMONT	17.1	14.8	15.3	14.1	.	13.4
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	1	1	4	2	.	2
<b>FEDERAL FUNDS (%)</b>						
VERMONT	6.0	8.8	5.7	5.8	5.1	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	44	32	36	32	34	-
<b>STATE FUNDS (%)</b>						
VERMONT	36.0	28.7	28.1	32.4	34.4	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	30	46	47	45	45	-
<b>LOCAL FUNDS (%)</b>						
VERMONT	57.9	62.5	66.2	61.8	60.6	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	18	5	5	5	7	-
<b>TEACHER SALARIES</b>						
VERMONT	\$ 8,462	\$12,484	\$14,715	\$20,796	\$21,835	\$24,519
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,555	\$28,008
RANK	34	48	49	44	41	33

Vermont

For 1988, Vermont's SAT score of 909 is 5 points above the average for all 22 SAT States. Throughout the 1980's it has been ranked among the top 3 or 4 SAT States. The 1987 graduation rate, 78 percent, is about 7 points above the national average. Since 1982, however, Vermont's graduation rate ranking has slipped from 8th to 16th. The State requires minimum competency testing for promotion and graduation.

VIRGINIA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
VIRGINIA	919	883	888	908	907	902
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	16	13	11	8	8	8
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
VIRGINIA	-	-	73.8	73.9	74.0	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	22	27	25	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
VIRGINIA	\$ 879	\$ 1,970	\$ 2,384	\$ 3,520	\$ 3,780	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	28	30	36	30	28	-
<b>PUPIL/TEACHER RATIO</b>						
VIRGINIA	22.0	18.1	17.8	16.9	16.8	16.3
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	21	21	22	24	23	22
<b>FEDERAL FUNDS (%)</b>						
VIRGINIA	14.0	11.0	8.4	.	.	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	15	21	20	.	.	-
<b>STATE FUNDS (%)</b>						
VIRGINIA	32.6	39.6	40.0	.	.	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	36	32	33	.	.	-
<b>LOCAL FUNDS (%)</b>						
VIRGINIA	53.4	49.4	51.6	.	.	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	22	21	20	.	.	-
<b>TEACHER SALARIES</b>						
VIRGINIA	\$ 9,084	\$14,060	\$17,008	\$23,095	\$25,039	\$27,193
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	25	33	34	26	25	23

Virginia

This year's SAT average for Virginia, 902, is down by 5 points from last year, but the State has maintained its ranking of 8th among the 22 SAT States. Since 1982, its SAT scores have risen at an above average pace and its SAT ranking has improved by 3 places. Virginia's 1987 graduation rate of 74 percent is about 3 percentage points above the U.S. average, although the State has not yet regained the ranking of 22nd that it held in 1982.

WASHINGTON  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>SAT SCORE</b>						
WASHINGTON	.	.	.	.	.	"
NATIONAL AVERAGE	937	890	893	906	906	904
RANK(OUT OF 22)	.	.	.	.	.	.
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
WASHINGTON	-	-	76.1	75.2	77.8	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	14	23	17	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
WASHINGTON	\$ 1,026	\$ 2,568	\$ 2,650	\$ 3,881	\$ 3,964	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	18	12	28	19	20	-
<b>PUPIL/TEACHER RATIO</b>						
WASHINGTON	24.0	21.5	21.7	20.7	20.5	20.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	41	46	47	48	48	46
<b>FEDERAL FUNDS (%)</b>						
WASHINGTON	9.4	9.0	6.0	6.1	6.3	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	28	31	33	29	27	-
<b>STATE FUNDS (%)</b>						
WASHINGTON	50.6	69.5	74.2	74.1	72.4	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	13	3	3	3	3	-
<b>LOCAL FUNDS (%)</b>						
WASHINGTON	40.0	21.5	19.8	19.8	21.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	35	46	49	49	48	-
<b>TEACHER SALARIES</b>						
WASHINGTON	\$10,175	\$18,820	\$22,954	\$26,209	\$27,285	\$28,217
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	15	6	5	15	18	18

Washington

Since only a few of Washington State's students participate in the ACT or SAT testing programs, test scores and rankings are unavailable. Despite the national fall off in the 1987 graduation rate, Washington's graduation rate improved--from 75.2 percent in 1986 to 77.8 percent in 1987. This compares favorably with the U.S. average of 71.1 percent. Since 1982, the State's graduation rate has stood at about 7 percentage points above average.

WEST VIRGINIA  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
WEST VIRGINIA	18.8	17.7	17.4	17.7	17.6	17.6
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	20	23	25	26	26	26
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
WEST VIRGINIA	-	-	66.3	75.2	76.2	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	37	23	21	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
WEST VIRGINIA	\$ 820	\$ 1,920	\$ 2,593	\$ 3,528	\$ 3,784	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	39	33	29	28	27	-
<b>PUPIL/TEACHER RATIO</b>						
WEST VIRGINIA	23.4	18.1	17.3	15.7	15.3	15.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	36	21	19	14	9	10
<b>FEDERAL FUNDS (%)</b>						
WEST VIRGINIA	13.7	11.1	8.7	7.9	7.5	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	16	20	18	19	19	-
<b>STATE FUNDS (%)</b>						
WEST VIRGINIA	56.4	58.9	66.3	68.4	69.8	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	6	10	5	7	4	-
<b>LOCAL FUNDS (%)</b>						
WEST VIRGINIA	29.9	30.0	24.9	23.7	22.7	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	42	41	42	43	45	-
<b>TEACHER SALARIES</b>						
WEST VIRGINIA	\$ 8,103	\$13,710	\$17,129	\$20,627	\$21,446	\$21,736
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	40	37	33	45	45	45

West Virginia

This year, West Virginia's ACT average, 17.6, and its rank among the 28 ACT States, 26th, are unchanged from last year. In 1988, the graduation rate, 76.2 percent, improved by 1 percentage point and its ranking by 2 places. Since 1982, the State has raised its graduation rate by 10 percentage points and its ranking climbed by 16 places. West Virginia's education reforms include its academic bankruptcy program and its program offering new routes into teaching.

WISCONSIN

SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
WISCONSIN	20.7	20.4	20.4	20.5	20.4	20.2
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	4	2	1	2	1	2
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
WISCONSIN	-	-	83.1	86.3	85.4	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	4	7	7	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
WISCONSIN	\$ 1,064	\$ 2,477	\$ 2,935	\$ 4,168	\$ 4,523	-
NATIONAL AVERAGE	\$ 990	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	13	15	16	13	12	-
<b>PUPIL/TEACHER RATIO</b>						
WISCONSIN	22.3	17.8	17.2	16.5	16.3	16.2
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	24	17	17	20	19	19
<b>FEDERAL FUNDS (%)</b>						
WISCONSIN	4.8	5.6	5.8	4.8	4.7	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	49	50	35	43	43	-
<b>STATE FUNDS (%)</b>						
WISCONSIN	30.7	37.3	37.0	36.6	34.5	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	38	39	40	43	44	-
<b>LOCAL FUNDS (%)</b>						
WISCONSIN	64.6	57.0	57.2	58.6	60.8	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	11	10	12	10	6	-
<b>TEACHER SALARIES</b>						
WISCONSIN	\$10,016	\$16,006	\$19,387	\$26,347	\$27,815	\$29,122
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	16	20	19	14	14	15

Wisconsin

Wisconsin's 1988 ACT average, 20.2, and its rank, 2nd, are down a little from last year's figures of 20.4 and 1st, respectively. Although the State continues to be near the top of the 28 ACT States, its test scores have not improved since 1982. It is also ranked 2nd among the States in terms of the percentage of its graduates who score 26 or above in the ACT. The 1987 graduation rate, 85.4 percent, is well above the U.S. average of 71.1 percent, although it is about a percentage point lower than the 1986 rate. Wisconsin's graduation rate is ranked 7th among all 50 States and the District of Columbia

WYOMING  
SUMMARY OF SELECTED WALL CHART KEY INDICATORS

	1972	1980	1982	1986	1987	1988
<b>ACT SCORE</b>						
WYOMING	20.6	19.3	19.2	19.7	19.9	19.5
NATIONAL AVERAGE	19.1	18.5	18.4	18.8	18.7	18.8
RANK(OUT OF 28)	5	7	7	8	4	8
<b>HIGH SCHOOL GRADUATION RATE(ADJUSTED)</b>						
WYOMING	-	-	72.4	81.2	89.3	-
NATIONAL AVERAGE	-	-	69.5	71.6	71.1	-
RANK	-	-	25	10	2	-
<b>CURRENT EXPENDITURES PER PUPIL</b>						
WYOMING	\$ 1,061	\$ 2,527	\$ 3,417	\$ 5,114	\$ 5,201	-
NATIONAL AVERAGE	\$ 950	\$ 2,272	\$ 2,726	\$ 3,756	\$ 3,977	-
RANK	14	14	5	5	6	-
<b>PUPIL/TEACHER RATIO</b>						
WYOMING	18.5	18.3	15.0	14.1	14.0	14.5
NATIONAL AVERAGE	22.3	19.1	18.9	17.9	17.7	17.6
RANK	2	23	1	2	2	6
<b>FEDERAL FUNDS (%)</b>						
WYOMING	10.4	5.6	3.2	3.6	3.7	-
NATIONAL AVERAGE	8.9	9.8	7.4	6.7	6.4	-
RANK	24	50	51	50	50	-
<b>STATE FUNDS (%)</b>						
WYOMING	34.4	34.2	28.2	37.7	43.0	-
NATIONAL AVERAGE	38.3	46.8	47.6	49.4	49.8	-
RANK	32	42	46	42	32	-
<b>LOCAL FUNDS (%)</b>						
WYOMING	55.2	60.2	68.6	58.7	53.3	-
NATIONAL AVERAGE	52.8	43.4	45.0	43.9	43.9	-
RANK	21	7	3	9	14	-
<b>TEACHER SALARIES</b>						
WYOMING	\$ 9,234	\$16,012	\$21,249	\$27,224	\$28,103	\$27,134
NATIONAL AVERAGE	\$ 9,705	\$15,970	\$19,274	\$25,201	\$26,556	\$28,008
RANK	23	19	9	8	13	24

Wyoming

Wyoming's graduation rate improvement is impressive. The 1987 rate, 89.3 percent, is about 18 percentage points above the U.S. average of 71.1 percent. Since 1982, Wyoming's ranking has climbed from 25th to 2nd, the greatest improvement in the nation. Wyoming's 1988 ACT score, 19.5, and ranking 8th, dropped from last year's high points, but its students consistently perform above average. Since 1982, for example, its ACT average has been about seven-tenths of a point higher than the average.