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383

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Increasing the instructional unit value in the public school..
 Sponsor: Senate HESS
 Requestor: Senate HESS

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2
MISCELLANEOUS						
TOTAL OPERATING	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2	20,594.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal analysis compares the projected FY91 foundation formula cost at a \$62,000 unit value (\$535,769.3) to the FY91 projection of full funding at the current \$60,000 unit value (\$515,175.1)

Prepared by: Mary Hakala
 Division: Commissioner's Office

Phone: 465-2800
 Date: 4/13/90

Approved by Commissioner: William G. Demmert
 Agency: Education

Date: 4/13/90

Distribution (by preparer):

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

BY SEN. KERTTULA

*File Record
Hess*

1 IN THE SENATE

2

SENATE BILL NO. 383

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act increasing the instructional unit value in
the public school foundation formula; and providing
for an effective date."

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

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* Section 1. AS 14.17.056 is amended to read:

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Sec. 14.17.056. INSTRUCTIONAL UNIT VALUE. The instructional

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unit value is \$66,000 [\$60,000].

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* Sec. 2. This Act takes effect July 1, 1990.

\$62,000

*Eddie - I need fiscal note
for a \$62,000 unit -
can you calculate cost for me?
I want to compare it to current
year auth of \$475,522.2*

*Thanks.
M.*

Cost will be 535,769.3 ~~of~~ 4/13/90



Alaska State Legislature

SENATE

Official Business

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

MEMORANDUM

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

FROM: Senator Kerttula

SUBJ: Senate Bill 383 -- Increasing
the Foundation Formula

DATE: February 21, 1990

Jay Kerttula

I would appreciate your scheduling Senate Bill 383, which would increase the unit value of the Foundation Formula by 10 percent from \$60,000 to \$66,000, at your earliest convenience.

The unit value for the Foundation Formula has not increased in four years. Additions to the foundation have only resulted from either additional students or drops in assessed property values. In 1985 - 1986, the dollars-per-student in foundation revenue were \$ 4,378.47. This year, the anticipated dollars-per-student is \$ 3,803.84, a decrease of 9.5 percent from 1985 - 86.

While school districts have managed to maintain salaries at a level comparable to 1985, they have had less luck with fringe benefits. Teachers' Retirement System contributions have increased by 34.1 percent since 1985, jumping from 8.68 percent to 11.64 percent on salaries paid. Statewide, TRS payroll represents \$ 829,910 additional dollars this year. Health insurance costs are even worse, having increased by 109.64 percent since 1985 (and still the cost-per-employee is lower than what is paid for state employees.)

Senator Fischer
February 21, 1990
Page Two

Other inflationary costs over the past five-year period which have hit the state's school districts include:

Textbooks	37.0 percent
Natural Gas	36.5 percent
Copy Paper	25.9 percent
Chalk	56.9 percent
#2 Pencils	29.5 percent

I believe that an increase in the Foundation Formula unit value is long-overdue and well-justified. I appreciate your consideration of my request for a hearing for the bill.

I have enclosed a copy of a resolution approved by the Alaska Association of School Business Officials seeking an increase in the Foundation Formula unit value for your information.

JK:kh

INCREASE IN THE UNIT VALUE OF THE FOUNDATION FORMULA

WHEREAS, the \$60,000 unit value has been in existence for three years yet, educational costs continue to increase;

WHEREAS, the districts were required to absorb full teacher retirement;

WHEREAS, increased cost of medical coverage has a significant impact on available dollars for education;

WHEREAS, there is an increasing need to provide repairs and maintenance to facilities built ten years ago;

WHEREAS, districts are being asked to design and implement programs for at-risk youth;

WHEREAS, many other states are increasing funding for education and Alaska has been cutting or freezing funding;

WHEREAS, Alaska school districts must be competitive in teacher salaries to fair well in the national search for good teachers;

WHEREAS, districts have been required to implement asbestos abatement programs, right to know hazardous materials programs and etc.;

WHEREAS, the consequences of not funding an increase directly affects the quality of educational programs offered in the State;

NOW THEREFORE BE IT RESOLVED that the Alaska Association of School Business Officials Board of Directors seek an increase in the unit value of 10% from \$60,000 to \$66,000.



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

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

POSITION STATEMENT

SB 383 INCREASE STATE EDUCATION AID UNIT VALUE

The Alaska Council of School Administrators supports SB 383 and strongly encourages the legislature to pass increase funding for the Foundation Unit.

The instructional unit has remained at its current level for the past four years while costs continue to increase in the total operation of the Alaska schools. Local districts have reached their maximum level of local funding and are now looking at having to reduce operations if an increase is not in the future.

In 1986, school districts suffered a severe 10% decrease funding and consequently drastically reduced programs and operation. They still have not completely recovered from that set-back. If we do not realize an increase in the state level of support, further reductions will be necessary to the overall operations and program for schools across Alaska.

We urge your support for this increase.

6-1881E
Ford
4/5/90

Original sponsor(s): SEN. KERTTULA

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IN THE SENATE

BY THE HESS COMMITTEE

CS FOR SENATE BILL NO. 383 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act increasing the instructional unit value in the public school foundation formula; and providing for an effective date."

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

* Section 1. AS 14.17.056 is amended to read:

Sec. 14.17.056. INSTRUCTIONAL UNIT VALUE. The instructional unit value is \$62,000 [\$60,000].

* Sec. 2. This Act takes effect July 1, 1990.

