

HB5

HOUSE COMMITTEE REPORT

(11)

Date Referred: January 30, 1991

FURTHER REFERRALS:

Date of Committee Action: 2/4/91

The FINANCE Committee considered:

HB 5

HOUSE BILL NO. 5

APPROP: K - 12 SUPPORT AND CONSTR. DEPT

"An Act making appropriations to the Department of Education for K - 12 support and school construction debt retirement; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CSHR 5 (FINANCE) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
clean	<i>Eileen P. McLean</i>			
write	<i>Mike Spavone</i>			
own	<i>Jan Brown</i>			
when	<i>[Signature]</i>			
okd	<i>[Signature]</i>			
mes	<i>Conner Hodges</i>			
arp	<i>Bob M. Sharp</i>			
son	<i>[Signature]</i>			
mer	<i>[Signature]</i>			
yer	<i>MARK BOYER</i>			

Mike Spavone *Eileen P. McLean*
CO - Chairman's Signature

McLean

CS FOR HOUSE BILL NO. 5 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Funding Information:	General Fund	\$560,681,200
	Other Funds	<u>45,723,000</u>
		\$606,404,200

Sponsor(s): REPRESENTATIVES ELLIS, Bruckman, Carney, Parnell, B.Davis, Ulmer, MacLean, Boyer, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Department of Education for K - 12 support
 2 and education program support; and providing for an effective date."

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

4 * Section 1. The sum of \$606,404,200 is appropriated from the general fund and from other funds
 5 in the amount listed to the Department of Education for the purposes expressed and allocated in the
 6 amounts listed for operating expenditures for the fiscal year ending June 30, 1992:

7	FUND SOURCE	AMOUNT
8	General fund	\$560,681,200
9	Public school trust fund (AS 37.14.110)	7,499,000
10	School fund (AS 43.50.140)	2,500,000
11	P.L. 81-874	20,624,000
12	Federal receipts other than	
13	P.L. 81-874	15,100,000
14	PURPOSE	ALLOCATION AMOUNT

1	Foundation program	\$541,746,200
2	Student lunch program	15,000,000
3	Cigarette tax distribution	2,500,000
4	Tuition students	13,878,500
5	Boarding home grants	230,000
6	Youth in detention	800,000
7	Schools for the handicapped	3,077,500
8	Pupil transportation	28,572,000
9	Community schools	600,000
10	* Sec. 2. This Act takes effect July 1, 1991.	



Official Business

Alaska State Legislature

Re

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

MEMORANDUM

TO: Rep. Mike Navarre, Co-Chair Finance Committee
Rep. Eileen Maclean, Co-Chair Finance Committee

FROM: Rep. Johnny Ellis, Chair *JE*
House Rules Committee

RE: HB 5

DATE: January 29, 1991

Thank you for scheduling HB 5 for such an early hearing. The HESS Committee approved and passed HB 5 at Tuesday's Committee hearing with updated figures. The vote was unanimous for early funding for education.

House Bill 5 combines two education ideals: early funding and full funding. As an appropriation measure separate from the budget, HB 5 can provide state funding for K-12 support and for school construction *earlier* in the session. This is critical for timely school district budgeting.

House Bill 5 provides full funding for the foundation program, pupil transportation and school debt reimbursement. Full funding for education programs is supported by many legislators. Constituents are clear that they do not want education cut and that legislators should live up to their constitutional obligation for education.

The words "full funding" are not meant to imply that this amount is the "ideal" amount for education. Rather, full funding is the terminology used for achieving the three statutory requirements relating to education funding.

1. Meet the instructional unit value for the foundation program, at the \$60,000 unit value.
2. Meet the pupil transportation contract requirements.
3. Meet the state's obligation for school construction debt retirement.

Once again, thanks for scheduling HB 5.

Representative Johnny Ellis — Early Funding For Education Budget — New Revisions

	A	B	C	D	E
1					
2					
3	HB 5				
4		FY 91 Full	FY91 Authorized	FY92 Hickel	FY92 Full
5	Foundation Program	526,467,100	505,425,100	495,266,900	541,746,200
6	Pupil Transportation	27,120,551	24,737,000	22,931,200	28,572,000
7	Debt Reimbursement	125,140,618	116,688,600	108,170,300	128,986,128

ALASKA DEPARTMENT OF EDUCATION				
FY 92 PROJ FOUNDATION BASED UPON APPROPR. OF \$495,266,900 STATE GF				
PREPARED 1/22/91	COLUMN A	COLUMN B	COLUMN C	COLUMN D
	FY92	PROJ 92		
	STATE AID	STATE AID	COLUMN A	PERCENT OF
	FULL 100%	BASED ON APP	LESS	COLUMN B
	ENTITLMENT	OF \$495,266.9	COLUMN B	TO COLUMN A
ADAK	\$2,173,342	\$1,862,389	\$310,953	85.69%
ANHETTE ISLANDS	1,305,462	1,127,763	\$177,699	86.39%
NORTH SLOPE	8,057,882	7,138,734	\$919,148	88.59%
VALDEZ	2,699,117	2,407,913	\$291,204	89.21%
BRISTOL BAY	1,663,201	1,492,252	\$170,949	89.72%
NORTHWEST ARCTIC	11,464,556	10,313,997	\$1,150,559	89.96%
LOWER YUKON	9,908,488	8,940,576	\$967,912	90.23%
UNALASKA	1,668,678	1,508,715	\$159,963	90.41%
CHATNAM	2,556,923	2,312,807	\$244,116	90.45%
KENAI	39,335,955	35,609,300	\$3,726,655	90.53%
KASHUNAMIUT	1,390,596	1,261,494	\$129,102	90.72%
PRIBILOF	1,415,689	1,284,490	\$131,199	90.73%
KEYCHIKAN	10,378,089	9,416,508	\$961,581	90.73%
BERING STRAIT	12,719,470	11,546,478	\$1,172,992	90.78%
ALEUTIANS EAST	2,916,674	2,647,819	\$268,855	90.78%
SITKA	6,305,158	5,726,021	\$579,137	90.81%
SKAGWAY	822,752	748,662	\$74,090	90.99%
YUPIIT	3,503,802	3,192,094	\$311,708	91.10%
DILLINGHAM	2,915,918	2,657,503	\$258,415	91.14%
JUNEAU	20,626,989	18,801,818	\$1,825,171	91.15%
SOUTHWEST	5,029,342	4,584,800	\$444,542	91.16%
SELENA	1,202,673	1,098,183	\$104,490	91.31%
KODIAK	11,967,600	10,928,575	\$1,039,025	91.32%
ANCHORAGE	162,149,942	148,082,762	\$14,067,180	91.32%
KAKE	1,036,056	946,242	\$89,814	91.33%
CORDOVA	2,265,566	2,069,292	\$196,274	91.34%
YUKON/KOYUKUK	5,421,496	4,954,773	\$466,723	91.39%
DELTA/GREELY	4,244,749	3,879,958	\$364,791	91.41%
PETERSBURG	3,051,475	2,790,167	\$261,308	91.44%
FAIRBANKS	60,237,647	55,143,823	\$5,093,824	91.54%
HAINES	2,258,312	2,068,285	\$190,027	91.59%
LOWER KUSKOKWIM	27,763,760	25,434,297	\$2,329,463	91.61%
IDITAROD	4,386,121	4,025,523	\$360,598	91.78%
WRANGELL	2,603,187	2,391,134	\$212,053	91.83%
HAT-SU	42,994,356	39,498,484	\$3,495,872	91.87%
SOUTHEAST	5,096,142	4,684,222	\$411,920	91.92%
LAKE AND PENINSU	5,474,080	5,033,354	\$440,726	91.95%
HOONAH	1,405,719	1,293,808	\$111,911	92.04%
ALEUTIAN REGION	680,468	626,923	\$53,545	92.13%
CHUGACH	1,421,776	1,309,907	\$111,869	92.13%
KLAWOCK	1,290,491	1,189,607	\$100,884	92.18%
HOME	4,913,430	4,529,435	\$383,995	92.18%
ALASKA GATEWAY	4,346,718	4,007,253	\$339,465	92.19%
YUKON FLATS	4,788,884	4,416,629	\$372,255	92.23%
KUSPUK	4,684,283	4,321,421	\$362,862	92.25%
CRAIG	2,138,924	1,974,684	\$164,240	92.32%
YAKUTAT	1,157,318	1,068,510	\$88,808	92.33%
PELICAN	561,341	518,321	\$43,020	92.34%
TANANA	1,168,693	1,079,340	\$89,353	92.35%
ST. MARY'S	1,304,147	1,208,421	\$95,726	92.66%
COPPER RIVER	5,087,336	4,715,627	\$371,709	92.69%
VENANA	1,503,966	1,394,319	\$109,647	92.71%
HYDABURG	981,799	910,476	\$71,323	92.74%
RAILBELT	3,013,707	2,800,283	\$213,424	92.92%
OT SCHOOLS	531,460,945	484,976,171	46,484,774	
DGC/CCS=	10,285,221	10,285,221	0	
RAND TOTAL	541,746,166	495,261,392	46,484,774	

Foundation
Program :

Full vs.

Gov. Proposed

For FY92

Foundation Program FY92

ALASKA DEPARTMENT OF EDUCATION						
PROJECTED FY92 FOUNDATION PROGRAM ENTITLEMENT						
PREPARED 12/27/90 UPDATED 1/28/91						
	BASIC NEED	FY92 REQUIRED	ELIGIBLE	PL81-874	DEDUCTIBLE	PROJECTED FY92
	\$60,000	LOCAL	PL81-874	PERCENTAGE	PL81-874	FOUNDATION STATE AID
ADAK	84,449,600	0	\$2,529,176	100.00%	\$2,276,258	\$2,173,342
ALASKA GATEWAY	4,857,600	0	567,647	100.00%	510,882	4,346,718
ALEUTIAN REGION	766,200	0	95,258	100.00%	85,732	680,468
ALEUTIANS EAST	3,847,200	329,364	667,958	100.00%	601,162	2,916,674
ANCHORAGE	201,295,200	39,009,792	235,626	63.88%	135,466	162,149,942
ANNETTE ISLANDS	2,542,800	0	1,374,820	100.00%	1,237,338	1,305,462
BERING STRAIT	16,785,000	0	4,517,256	100.00%	4,065,530	12,719,470
BRISTOL BAY	2,446,200	537,251	328,110	83.22%	245,748	1,663,201
CHATNAM	3,493,200	0	1,040,308	100.00%	936,277	2,556,923
CHUGACH	1,600,800	0	198,915	100.00%	179,024	1,421,776
COPPER RIVER	5,319,000	0	257,404	100.00%	231,664	5,087,336
CORDOVA	2,808,600	527,340	25,291	68.95%	15,694	2,265,566
CRAIG	2,350,200	184,381	29,883	100.00%	26,895	2,138,924
DELTA/GREELY	5,220,000	0	1,083,612	100.00%	975,251	4,244,749
DILLINGHAM	3,697,800	510,254	419,938	71.87%	271,628	2,915,918
FAIRBANKS	72,890,400	12,635,307	42,574	45.53%	17,446	60,237,647
GALENA	1,495,200	80,711	452,425	52.02%	211,816	1,202,673
HAINES	2,719,200	457,334	8,416	46.92%	3,554	2,258,312
HOONAH	1,601,400	87,816	187,441	63.94%	107,865	1,405,719
HYDABURG	1,020,600	22,754	48,162	37.02%	16,047	981,799
IDITAROD	5,160,000	0	859,866	100.00%	773,879	4,386,121
JUNEAU	26,117,400	5,475,214	33,134	50.96%	15,197	20,626,989
KAKE	1,285,200	68,936	356,094	56.23%	180,208	1,036,056
KASHUNAMIUT	1,847,400	0	507,560	100.00%	456,804	1,390,596
KENAI	53,326,800	13,885,097	207,373	56.66%	105,748	39,335,955
KETCHIKAN	13,759,800	3,372,934	18,154	53.72%	8,777	10,378,089
KLAWOCK	1,443,600	44,880	326,867	36.79%	108,229	1,290,491
KODIAK	14,868,000	2,803,741	127,024	84.55%	96,659	11,967,600
KUSPUK	5,192,400	0	564,574	100.00%	508,117	4,684,283
LAKE AND PENINSULA	6,306,600	254,078	1,290,071	49.82%	578,442	5,474,080
LOWER KUSKOKWIM	33,333,600	0	6,188,711	100.00%	5,569,840	27,763,760
LOWER YUKON	13,850,400	0	4,379,902	100.00%	3,941,912	9,908,488
MAT-SU	50,024,400	7,029,865	482	41.26%	179	42,994,356
NEENAH	1,569,000	62,712	5,651	45.66%	2,322	1,503,966
NOME	5,494,800	551,504	36,583	90.71%	29,866	4,913,430
NORTH SLOPE	13,152,600	4,484,760	3,139,099	21.59%	609,958	8,057,882
NORTHWEST ARCTIC	16,464,000	1,549,772	3,832,969	100.00%	3,449,672	11,464,556
PELICAN	615,600	54,259	0	100.00%	0	561,341
PETERSBURG	3,739,200	674,482	20,990	70.10%	13,243	3,051,475
PRIBILOF	1,877,400	0	513,012	100.00%	461,711	1,415,689
RAILBELT	3,054,000	0	44,770	100.00%	40,293	3,013,707
SITKA	8,287,200	1,853,520	231,785	61.61%	128,522	6,305,158
SKAGWAY	1,060,200	237,448	0	63.99%	0	822,752
SOUTHEAST	5,894,400	0	886,953	100.00%	798,258	5,096,142
SOUTHWEST	6,341,200	0	1,479,842	100.00%	1,331,858	5,029,342
ST. MARY'S	1,369,800	17,564	233,432	22.89%	48,089	1,304,147
TANANA	1,278,600	44,388	232,882	31.26%	65,519	1,168,693
TALASKA	2,289,000	613,644	7,420	100.00%	6,678	1,668,678
VALDEZ	4,167,000	1,453,830	37,044	42.15%	14,053	2,699,117
RANGELL	3,044,400	438,824	3,547	52.92%	1,689	2,603,887
AKUTAT	1,270,800	79,489	93,909	40.22%	33,993	1,157,318
YKON FLATS	5,326,800	0	597,684	100.00%	537,916	4,788,884
YKON/KOYUKUK	6,678,600	0	1,396,782	100.00%	1,257,104	5,421,496
YUPIT	4,460,400	0	1,062,287	100.00%	956,598	3,503,802
TOTALS	\$665,176,800	\$99,433,245	\$42,827,273		\$34,282,610	\$531,460,945
				STATE CORR. STUDY		\$5,362,500
				MT. EDGECLUMBE SCHOOL		\$1,529,984
				VALDEZ CONTRACT		\$600,000
				4 MILL PHASE-1W (SUBSIDY)		\$15,545
				PL81-874 PASS THRU		\$1,277,192
				ESTIMATED PRIOR YEAR ADJUSTMENTS		\$1,500,000
				TOTAL FOUNDATION COST AS OF 1/28/91		\$541,746,166

School Debt FY92

UPDATED 1/25/91

	100%	90%	80%	90%	80%	80%		ESTIMATED	FY92 GOVERNOR'S PROPOSAL	
	BOND SALES	BOND SALES	ESTIMATED	BOND SALES	BOND SALES	NEW BONDS	LESS	TOTAL DEBT	\$108,170,300	
	PRE 7/1/77	7/1/77 TO	CASH PAYMENT	1/1/82 TO	7/1/83 TO	ISSUES SOLD	CIG. TAX	RETIREMENT	LESS CIP OVERHEAD	
		1/1/82		7/1/83	PRESENT	FY92	PAID IN	BY DISTRICT	\$107,770,300	COLUMN 17
11 SCHOOL DISTRICTS	2YR LAG	2YR LAG	2YR LAG	CURRENT PAY	CURRENT PAY	AID EST.	FY90	FOR FY92	ENTITLEMENT PRORATED AT	LESS
									83.55185272%	COLUMN 18
13 ALUTIIANS EAST	\$0	\$0	\$4,636	\$0	\$0	\$66,938	(\$16,133) !	\$55,441	\$46,322	\$9,119
14 ANCHORAGE	\$7,705,136	\$1,416,582	\$3,227,179	\$11,809,143	\$8,328,522	\$1,164,208	(\$1,090,742) !	\$32,559,828	\$27,204,339	\$5,355,489
15 BRISTOL BAY	\$0	\$376,983	\$305,180	\$0	\$0	\$0	(\$12,983) !	\$669,180	\$559,112	\$110,068
16 CORDOVA	\$0	\$0	\$51,388	\$0	\$0	\$0	(\$18,003) !	\$33,385	\$27,894	\$5,491
17 FAIRBANKS	\$1,770,955	\$0	\$2,196,879	\$8,306,802	\$3,208,580	\$0	(\$375,877) !	\$15,107,339	\$12,622,462	\$2,484,877
18 GALENA	\$0	\$0	\$15,304	\$0	\$0	\$0	(\$10,117) !	\$5,187	\$4,334	\$853
19 HAINES	\$91,163	\$0	\$49,222	\$0	\$0	\$0	(\$16,189) !	\$124,196	\$103,768	\$20,428
20 JUNEAU	\$318,495	\$332,316	\$389,644	\$5,527,809	\$838,815	\$1,880,000	(\$134,697) !	\$9,152,382	\$7,646,985	\$1,505,397
21 KENAI	\$699,185	\$0	\$1,488,668	\$13,950,090	\$8,619,902	\$0	(\$236,875) !	\$24,520,970	\$20,487,725	\$4,033,245
22 KETCHIKAN	\$433,193	\$0	\$0	\$2,393,631	\$1,513,920	\$0	(\$75,556) !	\$4,265,188	\$3,563,643	\$701,545
23 KODIAK	\$1,412	\$0	\$63,587	\$1,085,441	\$1,096,000	\$0	(\$69,757) !	\$2,176,683	\$1,818,659	\$358,024
24 LAKE & PENINSULA	\$0	\$0	\$128,819	\$0	\$0	\$0	(\$16,016) !	\$112,803	\$94,249	\$18,554
25 MAT-SU	\$1,883,163	\$0	\$0	\$7,307,267	\$11,313,970	\$0	(\$242,437) !	\$20,261,963	\$16,929,245	\$3,332,718
26 MENANA	\$0	\$0	\$28,487	\$0	\$0	\$0	(\$11,463) !	\$17,024	\$14,224	\$2,800
27 NOME	\$0	\$0	\$299,534	\$120,570	\$607,315	\$0	(\$27,016) !	\$1,000,403	\$835,855	\$164,548
28 NORTH SLOPE	\$0	\$30,341	\$0	\$3,423,482	\$5,430,117	\$0	(\$40,696) !	\$8,843,244	\$7,388,694	\$1,454,550
29 PETERSBURG	\$285,200	\$0	\$394,033	\$280,802	\$212,474	\$0	(\$24,464) !	\$1,148,045	\$959,213	\$188,832
30 SITKA	\$362,637	\$0	\$0	\$0	\$1,843,433	\$0	(\$52,496) !	\$2,153,574	\$1,799,351	\$354,223
31 UNALASKA	\$0	\$237,705	\$109,760	\$0	\$1,058,888	\$0	(\$11,280) !	\$1,395,073	\$1,165,609	\$229,464
32 VALDEZ	\$1,040,588	\$1,568,475	\$0	\$315,214	\$0	\$1,531,118	(\$25,239) !	\$4,430,156	\$3,701,477	\$728,679
33 WRANGELL	\$0	\$124,585	\$0	\$850,013	\$0	\$0	(\$20,533) !	\$954,065	\$797,139	\$156,926
34										
35 TOTALS	\$14,591,127	\$4,086,987	\$8,752,320	\$55,370,264	\$44,071,936	\$4,642,264	(\$2,528,769) !	\$128,986,128	\$107,770,299	\$21,215,830
36										
37										
38 TOTAL BOND OUTLAYS	\$118,120,314									
39 PLUS: CASH PAYMENTS	\$8,752,320									
40										
41 SUB TOTAL	\$126,872,633									
42 NEW BONDS FY91 EST	\$4,642,264									
43										
44 SUB TOTAL	\$131,514,897									
45 LESS: CIG. TAX	(\$2,528,769)									
46										
47 EST. STATE AID-FY92	\$128,986,128									

THESE ENTITLEMENTS ARE SUBJECT TO ADJUSTMENTS BASED ON ACTUAL BOND PAYMENTS.

R/C
1/25/91

DEPARTMENT OF EDUCATION 92PROJ.XLS
PUPIL TRANSPORTATION
FY92 COST PROJECTION
PREPARED 01/28/91 Figures below are estimations only and are subject to change.

SCHOOL DISTRICT	PROJECTED FY91 FULL FUNDING	PROJECTED FY92 FULL FUNDING
ADAK	\$141,858.47	\$149,305.92
ALASKA GATEWAY	\$341,733.38	\$360,188.98
ALEUTIANS EAST	\$88,512.94	\$72,212.64
ANCHORAGE	\$8,066,644.42	\$8,501,189.22
ANNETTE ISLAND	\$8,487.71	\$8,924.97
BERING STRAIT	\$34,390.04	\$30,247.10
BRISTOL BAY	\$145,914.65	\$153,794.04
CHATHAM	\$6,801.81	\$8,958.31
COPPER RIVER	\$500,267.11	\$527,281.53
CORDOVA	\$45,274.75	\$47,719.59
DELTA/GREELEY	\$489,333.78	\$515,757.78
DILLINGHAM	\$211,708.77	\$223,138.94
FAIRBANKS	\$4,376,548.00	\$4,512,879.48
GALENA	\$30,645.38	\$32,300.23
HAINES	\$149,848.56	\$157,940.38
HOONAH	\$14,371.73	\$15,147.80
HYDABURG	\$3,378.34	\$3,558.68
IDITAROD	\$43,000.05	\$45,322.05
JUNEAU	\$1,028,480.05	\$1,084,017.97
KAKE	\$22,131.80	\$23,328.71
KENAI PENINSULA	\$2,604,004.17	\$2,744,820.40
KETCHIKAN	\$480,804.40	\$508,787.84
KODIAK	\$420,973.43	\$443,708.00
KUSPUK	\$78,017.33	\$82,230.27
LAKE & PENINSULA	\$43,953.10	\$48,328.57
LOWER KUSKOKWIM	\$243,730.29	\$258,811.73
LOWER YUKON	\$17,422.83	\$18,313.66
MAT-SU	\$5,100,000.00	\$5,375,400.00
NENANA	\$68,174.44	\$71,855.88
NOME	\$169,182.16	\$178,318.00
NORTH SLOPE	\$241,098.23	\$254,115.43
PELICAN	\$1,734.48	\$1,828.14
PETERSBURG	\$100,902.84	\$108,351.59
RAILBELT	\$183,884.39	\$204,143.35
SIKKA	\$381,822.30	\$402,229.90
SKAGWAY	\$4,837.91	\$5,099.16
SOUTHEAST ISLAND	\$115,855.83	\$122,112.04
SOUTHWEST REGION	\$28,182.92	\$27,598.80
TANANA	\$18,430.92	\$19,428.19
UNALASKA	\$108,849.25	\$112,619.11
VALDEZ	\$228,277.83	\$240,604.62
WRANGELL	\$50,594.23	\$53,328.32
YAKUTAT	\$51,275.83	\$54,044.72
YUKON FLATS	\$95,555.94	\$100,717.01
YUKON/KOYUKUK	\$44,883.55	\$47,307.28
GROWTH FACTOR (1)	\$260,000.00	\$263,500.00
SUBTOTAL	\$28,865,950.92	\$28,318,712.27
DRIVER TRAINING / INSPECTIONS	\$254,600.00	\$254,600.00
TOTAL	\$27,120,550.92	\$28,571,312.27

(1) Growth Factor is for potential rate increases for new contracts and for possible additional buses due to enrollment increases and population shifts.

NOTE: For all districts, 5.4% was added to FY91 projected reimbursement for actual COLA based on the 8/16/90 Anchorage CPI report.

Pupil

Transportation

Full FY91

vs.

Full FY92



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

January, 1991

EDUCATION FUNDING CRISIS IN ALASKA

We have not kept pace with the increasing needs and obligations we have in Alaska public education. While inflation alone has caused the elimination of critical programs and services for students the changing family structure and increased expectations of society generally have placed substantially heavier burdens and expectations on public education.

Each time a basic program or service is reduced or eliminated in public education there is the increased probability that some student will become "at risk" of dropping out of school before completion of high school. The "greater risk" for that student is the diminished or lost opportunity to be successful and achieve to his or her potential.

Moreover, we as a State, have an obligation to all of our students, "at risk" or not, to fully prepare them for survival and leadership in the radically different economic society that the next century will present. To impart to our students the new and different skills and abilities this impending *economic renaissance* demands, will require new and stronger financial support for the public schools in Alaska today.

The combination of the 1990 Cowper vetoes; \$9.7 million in the funding formula, \$1.2 million in pupil transportation, and \$12.9 million in debt service, together with the Hickel Administration's announced 5 percent cut to the funding formula for 91-92, send an ominous message about the health and welfare of public education in Alaska.

With the \$9.7 million veto and the unanticipated enrollment increases taken into consideration a supplemental appropriation of nearly \$21 million is needed for the current year, 1990-91. Such an appropriation does not solve the funding problems for public education in Alaska. It merely maintains a currently under-funded program.

Since the 1983 release of the *Nation At Risk* report public education has been scrutinized, analyzed, and, unfortunately, compromised by organizations, government, governmental agencies, and a myriad of interest groups from the private sector.

Every finding and credible conclusion about what is necessary to restore public education-- and to ensure that the quality of our public education programs and services is increased--speaks to the need for an increased financial commitment at local, state, and national levels.

Unfortunately, we in Alaska are also failing this test of the depth of our collective commitment to public education.

While public education does indeed represent a significant share of the operating budget in Alaska, as a percentage of the total budget it has steadily declined.

Historical Review

During Alaska's first year as a State, the appropriation for supporting public education was 44% of the total operating budget. Ten years later, 1970-71, the level of State support was at 35% of the total operating budget. Even though the early years of statehood were financially difficult

for Alaska, the level of State support for public education was strong. Since these times the level of State support for public education as a share of the total operating budget has steadily declined. During 1990-91 the total State share for K-12 public education is 17% of the operating budget, less than one-half of what it was in the first decade of statehood!

Even when local financial commitments are taken into consideration, the total Alaska level of spending for public education is appalling. Again, this has not always been the case. During its first decade as a State, 30% to 38% of all state and local operating expenditures went to public education; a figure which at that time was comparable to national averages. For 1987-88, the last year for which figures are available, Alaska now ranks last in the nation; at 22.8% of all state and local governmental expenditures for public education. (The national average in 1987-88 was 34.4%.) When added to the reality of the Permanent Fund Dividend Program this data is particularly depressing.

We have neither an income tax or a sales tax in Alaska. We are last in the nation in our combined state and local financial effort to support public education. The Permanent Fund Dividend Program returns to every major organized borough nearly three (3) times the amount of financial support that those citizens are willing to give public education at the local level. The most obvious conclusion is that public education is no longer a real funding priority in Alaska.

Additionally, since 1986, public education has suffered severe financial setbacks. Correlated with the drop in oil prices, State support for public education was severely cut back. Between the 1985-86 and 1986-87 school years the level of State support dropped by 15%. In 1987, the Governor led the move to "pass along" the States' \$25-30 million share of the cost of retirement contributions to local school districts, thus encumbering them with an additional financial burden.

During 1987-88 when the new funding formula was put in place the Instructional Unit value (the basic component of the formula which generates state funds for local school districts) was set at \$60,000--a level that was itself 8% lower than the rate of State support in the 1985-86 school year. It has not since been adjusted for inflation.

Using the US-Urban Consumers Consumer Price Index (CPI), in constant dollars, the 1987-88 \$60,000 Instructional Unit value is worth only \$52,361 in purchasing power for school districts during the 1990-91 school year. Using CPI projections the Instructional Unit value would have to be increased to \$74,550 for 1991-92 to have the same purchasing power that \$60,000 did in 1987-88.

During the past decade, 79-80 to 89-90, Alaska has shown the largest percent increase among the fifty states in the number of high school graduates at a 16.1% increase. For the same period the change in the average salary of instructional staff in Alaska's public school has been -2.8%, constant dollars when adjusted for inflation. In this category, Alaska ranks 50th among the fifty states!

Who Has Paid the Price?

In the last five years, school district employees, through cuts and freezes in compensation and benefits, have subsidized the cost of public education in Alaska. Their workloads and responsibilities have increased and they subsidize public education with their property taxes as do other Alaskans. Additionally, teachers average nearly \$300 per year in out of pocket personal expenses for classroom supplies, materials, and equipment because of cutbacks in local school budgets.

Using our *Profiles in Excellence* document NEA-Alaska is in the process of assessing the quality of programs and services in every school district in Alaska. With the assessment less than 1/4 complete some of the more glaring concerns, problems, and needs identified so far include: specific programs on parenting skills, more parent involvement in and support for their child's educational program, significantly increasing class sizes, inadequate supplies/materials/textbooks, the absence of academic and vocational counseling, no meaningful programs for "at risk" students, classroom teachers with increasing numbers of different preparations, reduction and elimination of

critical programs, reduced library services, inadequate in-servicing and staff development programs, limited planning time, more clerical responsibilities and less teaching time.

At the same time, we, as a society, are saying that we want our public schools to do more in the area of substance abuse education, for "at risk" students, for special education students, for children with Fetal Alcohol Syndrome, teenage pregnancy prevention, suicide prevention, and the prevention of child abuse. Our continuing failure to deal with the increasing class size and work load problem only serves to exacerbate these and other concerns unique to public education.

The task of preparing our students for today and tomorrow is expensive, but the cost of their not being prepared is far greater. Each year students enter public schools with greater needs, thus making the challenges for all of us greater. Our public schools, teachers, and other school district employees must continue to be successful in their efforts. By limiting the necessary resources, we are limiting the success potential for everyone, students in particular. Public education costs a lot! However, if we don't spend our money on our public schools we will be forced to spend even more on welfare, prisons, and other social services. Every one of our youth must have the opportunity to realize their full productive potential.

An equitable funding formula which requires an increased local effort and takes into consideration pupil transportation, community schools, debt service, and maintenance and capital costs is critically needed.

The essential components are:

Full funding with provision for enrollment increases and the probable need for supplemental appropriations to cover unanticipated needs

An Early funding decision so that school districts may plan more realistically and so that the continuity of programs and services is enhanced

Forward funding to establish that public education really is the priority in Alaska

Annually inflation proof the Instructional Unit value, in a manner similar to the current annual inflation proofing of the Permanent Fund Program, so that essential programs and services are not lost simply because of inflation

Restore some level of the funding which has been lost to inflation and other cuts during the past five years either through incentive grants, supplemental categorical funding or basic increases in the formula

Adjust the formula to more accurately reflect the needs of the small single site districts which have been disadvantaged since 1987-88, not by year to year *political decisions* as has been the recent practice, but through genuine revision to the funding formula which makes all districts *equal partners* in access to the critical financial resources.

It is time to re-establish funding of public education in Alaska as the number one priority at both the state and local levels. Clearly, it will cost more than we are presently spending. The alternative is not a choice. Our needs and the needs of the 108,000+ students currently enrolled in our public schools are far too important to all of us.

m3jan1

A REVIEW

THE ALASKA SCHOOL FOUNDATION FUNDING PROGRAM

JANUARY 1991

ALASKA'S PUBLIC SCHOOL FOUNDATION PROGRAM, AS 14.17 enables the state to meet fiscal equalization criteria outlined in the federal PL-874 law, commonly known as the "disparity test." Alaska must meet the guidelines in order to utilize approximately \$70 million in PL-874 funds within the state foundation plan as general revenues.

PL 81-874 DISPARITY TEST - The federal PL-874 disparity test measures the disparity in local school district expenditures. The test takes into consideration designated state and local revenues. Under guidelines of the disparity test, the range of revenues may not vary more than 25 percent between the school district that raises the lowest amount of revenues per instructional unit and the school district that raises the greatest amount. Since federal regulations allow states to eliminate five percent of the

students at the top of the scale and five percent at the bottom, Alaska eliminates both of its oil rich school districts, Valdez and North Slope Borough, which contribute considerably more than 25 percent beyond the lowest amount. Since REAAs are not authorized to raise local taxes, five percent of the students at the bottom of the scale can be from any REAA. The disparity test uses \$60,000 per instructional unit as the base.

THE FOUNDATION PROGRAM is based on the "instructional unit" method of funding.

THE DEFINITIONS printed on page 2, when used with the two mathematical formulas below and the numerical data on page 4, provide for understanding the foundation law.



THE FORMULA USED TO CALCULATE BASIC NEED:

$$\text{BASIC NEED} = (\text{INSTRUCTIONAL UNITS}) \times (\text{AREA COST DIFFERENTIAL}) \times (\$60,000)$$

THE FORMULA USED TO CALCULATE STATE FOUNDATION AID:

$$\text{STATE FOUNDATION AID} = (\text{BASIC NEED}) - (\text{LOCAL EFFORT}) - (90\% \text{ ELIGIBLE PL-874})$$

OTHER ISSUES:

REDUCED LOCAL SHARE - A reduction of the assessed value of property in most municipal school districts has reduced the value of the required local share of basic need in the FY 91 foundation formula. Under the foundation formula, the state must make up the difference between this reduced local share and basic need. This increases the projected full entitlement cost of the foundation formula by \$7,695,249 for FY 91.

DECLINING ENROLLMENT - The law contains language that protects districts from losing more than 10 percent of the prior year's K-12 instructional units.

CENTRALIZED CORRESPONDENCE STUDY - The law provides a formula for computing funds for the state Centralized Correspondence Study program. Instructional units are computed under the same formula used by elementary schools with more than 200 students and multiplied by 0.65.

GATHERING/ REPORTING STUDENT DATA - The statute requires districts to report to the Department of Education by October 15 of each school Year an estimate of its student population for the next school year. The Department of Education will use the estimates to determine the amount of state foundation aid to seek from the Legislature for the following school year.

FUND BALANCE LIMITATION - The law prohibits districts from accumulating an unreserved fund balance of more than 10 percent of their operating expenditures for the year. The Department of Education must deduct the amount exceeding 10 percent from a school district's succeeding year's foundation entitlement.

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

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



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

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

POSITION STATEMENT

HOUSE BILL 5

"AN ACT MAKING APPROPRIATIONS TO THE DEPARTMENT OF EDUCATION FOR K-12 SUPPORT AND SCHOOL CONSTRUCTION DEBT RETIREMENT; AND PROVIDING FOR AN EFFECTIVE DATE."

The Alaska Council of School Administrators supports full entitlement for education under the language of HB5.

We believe and recognize it is the responsibility of the State of Alaska as stated in the Alaska Constitution to provide education to all children of Alaska. This can only be accomplished through fully funding the entitlement programs stated in HB 5.

We remember the severe reduction in school funding 5 years ago and the continued responsibility placed on local districts to increase funding to keep up with inflation, increase costs of retirement and health insurance costs as well as costs this past year for fuel.

We recognize there are deficiencies within the current formula which are being addressed by other legislation and encourage this legislature to continue examining them and providing solutions.

Based on information collected to date regarding the future levels of funding for education, full entitlement is the minimum districts need to bring stability and continuity to their educational programs.

The Alaska Council of School Administrators wishes to express our appreciation to the sponsors of HB 5 for recognizing the continued need for full appropriation of funding for the education programs in Alaska.

AMENDMENT

BY BARNES

TO: HB 5

Page 1, line 1:

Delete "and" after support

Insert ", " after support

Page 1, line 2:

Insert ", and school construction account" after debt
retirement"

January 30, 1990

TO: Randy

FROM: Jerry

RE: HB 5 Early and Full Funding for Education

Here is a program by program comparison of funding under HB 5 to FY 91 funding and Hickel's proposed budget.

	<u>FY 91</u>	GOV. <u>FY 92</u>	<u>CS HB 5</u>
Foundation Program	\$505,424.1	\$495,266.9	\$541,746.2
Student Lunch	15,000.0	15,000.0	15,000.0
Cigarette tax	2,600.0	2,500.0	2,500.0
Tuition Students	13,878.5	13,142.9	13,878.5
Boarding Home Grants	230.0	230.0	230.0
Youth in Detention	800.0	757.6	800.0
Schools for the Handicap	2,872.6	2,725.7	3,077.5
Pupil Transportation	24,737.0	22,931.2	28,572.0
School Debt	116,688.6	108,170.3	128,986.1
Totals	<u>\$682,231.8</u>	<u>\$637,793.4</u>	<u>\$734,790.3</u>

HB 5 would mean an increase of \$52 million over FY 91 and a \$97 million increase over the amount that Governor Hickel has proposed for FY 92.

Alaska State Legislature

Mike Navarre
Co-Chair
(907) 465-3706

INTERIM ADDRESS
34824 Kalfornsky Beach Rd.
Soldotna, Alaska 99669
(907) 262-7842



Eileen MacLean
Co-Chair
(907) 465-3722

INTERIM ADDRESS
P.O. Box 290
Barrow, Alaska 99723
(907) 852-7111

House of Representatives Committee on Finance P.O. Box V, Juneau, Alaska 99811

MEMORANDUM

TO: House Finance Members

FROM: Representative Eileen P. MacLean *Eileen P. MacLean*
Co-Chair House Finance Committee

DATE: January 30, 1991

SUBJ: House Bill 5

I am not able to attend today's House Finance meeting at which House Bill 5, "An act making appropriations to the Department of Education for K - 12 support and school construction debt retirement; and providing for an effective date", is scheduled.

However, I would like the record to reflect that I am in full support of both early and full funding of our educational responsibilities.

As a co-sponsor of this bill I ask members to act quickly to move this bill out of committee.

Thank you.