

HB

15



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 276-0536

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 29, 1991

To: Representatives Carney & Lincoln; Co-Chairs
Members, House HESS Committee

Re: **HB 15: "An Act making supplemental appropriations
to the Department of Education for school
construction debt reimbursement and pupil
transportation; and providing for an effective date."**

NEA-Alaska strongly supports and encourages expeditious attention to this critical legislation.

These amounts represent funds vetoed from the original legislative appropriation by Governor Cowper in July, 1991. School districts anticipated their availability and, already, programs and services have been adversely impacted by these vetoes.

We also encourage that the Committee include in this legislation the needed supplemental appropriation of approximately \$21 million for the public school foundation account.

In addition to vetoes in pupil transportation and school construction debt service, the Governor also vetoed approximately \$9.7 million from the operating funds for school districts. This figure combined with pupil enrollment increases creates an additional need in the current school year of approximately \$21 million in basic operating aid.

Alaska cannot afford to continue to underfund its obligation and commitment to public education.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: Representative Larson



Restoration of FY 91 Funding for Key Municipal Aid Programs

The League seeks passage of a supplemental appropriation to restore cuts in the FY 91 operating budget and to fully fund key municipal aid programs, including municipal assistance, education foundation funding, and school debt reimbursement. The League also supports restoration of cuts in the capital budget of state funds required to match federal grant funds.

In July 1990, after officials in Alaska's municipalities had developed and approved budgets, set mill rates for property taxes, and begun their FY 91 operations, former Governor Steve Cowper vetoed \$81 million from the FY 91 state operating budget and \$245 million in other appropriations passed by the legislature in May. Governor Cowper made these cuts because revenue forecasts at the time, based on the plummeting price of oil, indicated that the state could face a year-end deficit of as much as \$500 million for FY 91.

Among the programs affected by cuts were three that directly affect Alaskans by leading to increased local taxes and reduced services provided by municipalities and school districts: the Municipal Assistance Program (\$3.6 million cut; \$3.6 million to be restored), the Education Foundation Formula (\$9.8 million cut; \$21 million needed for full entitlement because of increased student enrollment), and the School Construction Debt Reimbursement Program (\$13 million cut; \$8.9 million needed for full entitlement for FY 91). Each municipality receives municipal assistance, all school districts (whether municipal or Rural Education Attendance Areas) were affected by the cuts in the foundation formula, and seventeen municipalities, those with outstanding debt for school construction, had to absorb a major cut in the reimbursement to which they were entitled for repayment of bonds.

Not only the actual cuts, but also the timing of them, caused financial stress for local governments. Nearly all of Alaska's municipal governments operate on a July 1-June 30 fiscal year, so they had determined budgets, set mill rates, and based their plans on the funding approved by the legislature for these crucial programs. A survey of AML members found that most municipalities had been forced to dip into their limited cash reserves in order to make up the lost revenues, which in turn will require tax increases in the future. Some municipalities noted that the only way to make up the lost revenues was by postponing maintenance on their capital facilities. This may save money in the short run, but continually deferring maintenance is an extremely costly alternative in the long run.

Governor Cowper's veto of \$9.8 million (1.9 percent) of the amount appropriated for the Education Foundation Formula by the legislature for FY 91 came after borough assemblies and city councils had approved school district budgets and all school administrators had made their plans for the year. Both types of districts have been required to cut back in many ways, including increasing the student/teacher ratio, limiting purchases of instructional materials, and postponing maintenance. Shortfalls in state education funding for municipal districts place a greater burden on local taxpayers, who already provide 26 percent of the funding for their schools, and makes meeting one of the state's most important public needs, educating our youth, more difficult for all districts.

Full entitlement for the Education Foundation Formula for FY 91 is, in fact, even higher than the amount originally appropriated by the 1990 legislature, because of an increase in the number of students enrolled. A total of \$21 million will be needed to provide full funding to Alaska's school districts for this program for FY 91. **The League supports a supplemental appropriation of \$21 million for the Education Foundation Formula for FY 91.**

The **School Construction Debt Reimbursement Program** was established by the legislature in 1970 to reimburse municipalities for a portion of their school construction debt in recognition of the requirement of the Alaska Constitution that the state provide education for its children. Under this program (AS 14.11.100), seventeen municipalities have issued bonds for the entire cost of school construction projects in reliance on the statutory obligation of the state to reimburse a fixed portion of the debt service and have been reimbursed annually for a portion of the cost of their debt service (see more information about the School Construction Debt Reimbursement Program on page 30 of this **Municipal Platform**).

As of March 1990, no new school construction debt could be reimbursed by the state under the program because it was replaced by a direct state grant program for school construction (see information on the School Construction Grant Program on page 33 of this **Municipal Platform**); however existing debt obligation remains under the old program.

Governor Cowper's veto of 10 percent of the funding appropriated for this program demonstrated once again how vulnerable municipalities are and how difficult it is for them to make firm financial plans when state support of essential services is unpredictable. Fortunately for the municipalities involved, the entitlement amount for FY 91 turned out to be somewhat lower than originally anticipated, so after the governor's veto the program was underfunded by only \$8,864,541, just over 7 percent short of the full entitlement rather than the anticipated 10 percent. The League is seeking a supplemental appropriation of this amount. **The League supports a supplemental appropriation of \$8,864,541 for the School Construction Debt Reimbursement Program for FY 91.**



Restoration of FY 91 Funding for Key Municipal Aid Programs

The League seeks passage of a supplemental appropriation to restore cuts in the FY 91 operating budget and to fully fund key municipal aid programs, including municipal assistance, education foundation funding, and school debt reimbursement. The League also supports restoration of cuts in the capital budget of state funds required to match federal grant funds.

In July 1990, after officials in Alaska's municipalities had developed and approved budgets, set mill rates for property taxes, and begun their FY 91 operations, former Governor Steve Cowper vetoed \$81 million from the FY 91 state operating budget and \$245 million in other appropriations passed by the legislature in May. Governor Cowper made these cuts because revenue forecasts at the time, based on the plummeting price of oil, indicated that the state could face a year-end deficit of as much as \$500 million for FY 91.

Among the programs affected by cuts were three that directly affect Alaskans by leading to increased local taxes and reduced services provided by municipalities and school districts: the Municipal Assistance Program (\$3.6 million cut; \$3.6 million to be restored), the Education Foundation Formula (\$9.8 million cut; \$21 million needed for full entitlement because of increased student enrollment), and the School Construction Debt Reimbursement Program (\$13 million cut; \$8.9 million needed for full entitlement for FY 91). Each municipality receives municipal assistance, all school districts (whether municipal or Rural Education Attendance Areas) were affected by the cuts in the foundation formula, and seventeen municipalities, those with outstanding debt for school construction, had to absorb a major cut in the reimbursement to which they were entitled for repayment of bonds.

Not only the actual cuts, but also the timing of them, caused financial stress for local governments. Nearly all of Alaska's municipal governments operate on a July 1-June 30 fiscal year, so they had determined budgets, set mill rates, and based their plans on the funding approved by the legislature for these crucial programs. A survey of AML members found that most municipalities had been forced to dip into their limited cash reserves in order to make up the lost revenues, which in turn will require tax increases in the future. Some municipalities noted that the only way to make up the lost revenues was by postponing maintenance on their capital facilities. This may save money in the short run, but continually deferring maintenance is an extremely costly alternative in the long run.

The State of Alaska has a major investment in people, buildings, and programs that are at risk if public services such as police and fire protection, health care, and road and building maintenance cannot be provided by local governments because of a shortage of funds. Every effort should be made to maintain and preserve that investment.

Municipal Assistance

The Municipal Assistance Program, along with State Revenue Sharing, provides the means for local governments, political subdivisions of the state, to provide basic public services such as police, fire, emergency medical assistance, and road maintenance to Alaska's citizens. State government has a duty to share revenue generated from the state's commonly held resources and land base to help provide essential public services to Alaskans at the local level. In many cases local government can provide basic services that are more responsive, better suited, more efficient, and better coordinated than those provided by state government because the electorate has direct and immediate access to the officials who determine policy and oversee delivery of those services. (See additional information on the Municipal Assistance Program on page 21 of this **Municipal Platform**.)

Even before Governor Cowper's veto, the Municipal Assistance Program had received a disproportionate share of the cuts in the state budget since 1986 -- over 35 percent overall as compared with a slight increase for the state operating budget! The Governor's veto of an additional \$3.6 million, 6.9 percent of the appropriated amount, increased the burden on local governments and their taxpayers even more. **The League supports a supplemental appropriation of \$3.6 million to restore this cut.**

Education Funding

Under the provisions of the Alaska Constitution, the state is obligated to "establish and maintain a system of public schools open to all children of the State." The way in which Alaska has chosen to organize this system is to require all boroughs and first class cities located outside borough boundaries to establish and operate school districts. The state established a system of Rural Education Attendance Areas to provide education in the rest of the state. There are 33 municipal school districts, which are responsible for paying a portion of their operational and capital costs, and 22 REAAs, which are completely funded by the state.

The **Education Foundation Formula** is the main component of the state government's support of education for all Alaskan children. The formula is based on the assumption that basic educational needs of local school districts and REAAs can be met with \$60,000 per instructional unit (with adjustments for geographic differentials and other factors). Minimum state aid to city and borough districts is now defined at 65 percent of basic need (with local governments, where they operate the schools, required to contribute 35 percent of basic need or a 4-mill equivalency, whichever is less). The REAAs are funded at 100 percent of basic need.

Governor Cowper's veto of \$9.8 million (1.9 percent) of the amount appropriated for the Education Foundation Formula by the legislature for FY 91 came after borough assemblies and city councils had approved school district budgets and all school administrators had made their plans for the year. Both types of districts have been required to cut back in many ways, including increasing the student/teacher ratio, limiting purchases of instructional materials, and postponing maintenance. Shortfalls in state education funding for municipal districts place a greater burden on local taxpayers, who already provide 26 percent of the funding for their schools, and makes meeting one of the state's most important public needs, educating our youth, more difficult for all districts.

Full entitlement for the Education Foundation Formula for FY 91 is, in fact, even higher than the amount originally appropriated by the 1990 legislature, because of an increase in the number of students enrolled. A total of \$21 million will be needed to provide full funding to Alaska's school districts for this program for FY 91. **The League supports a supplemental appropriation of \$21 million for the Education Foundation Formula for FY 91.**

The **School Construction Debt Reimbursement Program** was established by the legislature in 1970 to reimburse municipalities for a portion of their school construction debt in recognition of the requirement of the Alaska Constitution that the state provide education for its children. Under this program (AS 14.11.100), seventeen municipalities have issued bonds for the entire cost of school construction projects in reliance on the statutory obligation of the state to reimburse a fixed portion of the debt service and have been reimbursed annually for a portion of the cost of their debt service (see more information about the School Construction Debt Reimbursement Program on page 30 of this **Municipal Platform**).

As of March 1990, no new school construction debt could be reimbursed by the state under the program because it was replaced by a direct state grant program for school construction (see information on the School Construction Grant Program on page 33 of this **Municipal Platform**); however existing debt obligation remains under the old program.

Governor Cowper's veto of 10 percent of the funding appropriated for this program demonstrated once again how vulnerable municipalities are and how difficult it is for them to make firm financial plans when state support of essential services is unpredictable. Fortunately for the municipalities involved, the entitlement amount for FY 91 turned out to be somewhat lower than originally anticipated, so after the governor's veto the program was underfunded by only \$8,864,541, just over 7 percent short of the full entitlement rather than the anticipated 10 percent. The League is seeking a supplemental appropriation of this amount. **The League supports a supplemental appropriation of \$8,864,541 for the School Construction Debt Reimbursement Program for FY 91.**

Restoration of FY 91 Funding
page 4

Cuts to each of these programs placed a significant and unexpected burden on municipal budgets and on local taxpayers. Since revenue forecasters currently predict that the state will have a significant surplus for FY 92, now is the time for the legislature to pass a supplemental appropriation that will restore these cuts, and others made by Governor Cowper, to follow the will of the 1990 legislature. AML members understand that in times of revenue shortfalls they may expect cutbacks, but in the current situation, when the state treasury has adequate funds, they are not willing to accept these cuts and request a supplemental appropriation to restore this necessary funding.

Former Governor Cowper also made major cuts in capital project funds intended to provide municipalities with a match for federal funds. Municipalities that were counting on receiving these state matching funds were unable to qualify for the federal project funds and were forced to cancel work on their capital projects, some of which were already underway. Crucial projects such as water and sewer systems and highway repair and maintenance had to be postponed until matching funds can be found or, in cases in which the availability of federal funds was limited, canceled. Given the projected budget surplus for FY 91 as a result of higher oil prices, the League requests that the 17th Alaska Legislature include funds required to match federal capital project grant money in its FY 91 supplemental, along with restoration of operating budget items.



Alaska State Legislature

Official Business

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

MEMORANDUM

January 30, 1991

TO: House Health, Education, and Social Services Committee

FROM: Representative Ronald L. Larson *R.L.*

SUBJECT: HB15

Before you for consideration is HB 15, an Act making supplemental appropriations for School Construction Debt Service and Pupil Transportation. Thank you for this opportunity.

As you know, state law (AS 14.14.060) requires municipalities to establish their budgets for their local school district by May 31 of each year. Upon adjournment of the 16th Legislature, municipalities expected the state to provide funding in the amounts passed by the Legislature, and thus projected these amounts into their budgets and tax rates for fiscal year 1991. However, on July 12, Governor Cowper unexpectedly vetoed 2% from the Foundation Formula, 10% from School Debt Service, and \$1.1 million from Pupil Transportation. The result was municipalities being faced with few options for readjusting their budgets.

The amount of the appropriations in HB 15 are the amounts vetoed from the FY91 State Operating budget by Governor Cowper for the latter two items. It is my feeling that reinstating these items is fulfilling our commitment and obligation to those municipalities who will otherwise be faced with a difficult situation in balancing their budgets.

DEPARTMENT OF EDUCATION 92PROJ.XLS

PUPIL TRANSPORTATION

FY92 COST PROJECTION

PREPARED 01/28/91

Figures below are estimations only and are subject to change.

R/C
1/28/91

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	\$68,512.94	\$72,212.64
ANCHORAGE	\$8,065,644.42	\$8,501,189.22
ANNETTE ISLAND	\$8,467.71	\$8,924.97
BERING STRAIT	\$34,390.04	\$36,247.10
BRISTOL BAY	\$146,914.65	\$153,794.04
CHATHAM	\$8,801.81	\$8,958.31
COPPER RIVER	\$500,267.11	\$527,281.53
CORDOVA	\$45,274.76	\$47,719.59
DELTA/GREELEY	\$489,333.78	\$515,757.78
DILLINGHAM	\$211,708.77	\$223,138.94
FAIRBANKS	\$4,378,548.00	\$4,612,879.48
GALENA	\$30,845.38	\$32,300.23
HAINES	\$149,848.58	\$157,940.38
HOONAH	\$14,371.73	\$15,147.80
HYDABURG	\$3,378.34	\$3,558.86
IDITAROD	\$43,000.05	\$45,322.05
JUNEAU	\$1,028,480.05	\$1,084,017.97
KAKE	\$22,131.80	\$23,326.71
KENAI PENINSULA	\$2,604,004.17	\$2,744,820.40
KETCHIKAN	\$480,804.40	\$508,767.84
KODIAK	\$420,973.43	\$443,708.00
KUSPUK	\$78,017.33	\$82,230.27
LAKE & PENINSULA	\$43,953.10	\$46,328.57
LOWER KUSKOKWIM	\$243,730.29	\$256,891.73
LOWER YUKON	\$17,422.83	\$18,363.66
MAT-SU	\$5,100,000.00	\$5,375,400.00
NENANA	\$88,174.44	\$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
SITKA	\$381,822.30	\$402,229.90
SKAGWAY	\$4,837.91	\$5,099.16
SOUTHEAST ISLAND	\$115,855.83	\$122,112.04
SOUTHWEST REGION	\$26,182.92	\$27,598.00
TANANA	\$18,430.92	\$19,428.19
UNALASKA	\$108,849.28	\$112,619.11
VALDEZ	\$228,277.83	\$240,604.82
WRANGELL	\$50,594.23	\$53,326.32
YAKUTAT	\$51,275.83	\$54,044.72
YUKON FLATS	\$95,558.04	\$100,717.01
YUKON/KOYUKUK	\$44,883.55	\$47,307.28
GROWTH FACTOR (1)	\$250,000.00	\$263,500.00
SUBTOTAL	\$26,885,950.92	\$28,318,712.27
DRIVER TRAINING / INSPECTIONS	\$254,800.00	\$254,800.00
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 8/18/90 Anchorage CPI report.

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY91

UPDATED 1/5/91

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
SCHOOL DISTRICTS	100% BOND SALES FRE 7/1/77 2YR LAG	90% BOND SALES 7/1/77 TO 1/1/82 2YR LAG	80% ESTIMATED CASH PAYMENT 2YR LAG	90% BOND SALES 1/1/82 TO 7/1/83 CURRENT PAY	80% BOND SALES 7/1/83 TO PRESENT CURRENT PAY	80% NEW BONDS ISSUES SOLD FY91 AID EST.	· LESS CIG. TAX PAID IN FY89	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY91	FY91 APPROPRIATION LESS CIP OVERHEAD \$116,276,078 ENTITLEMENT PROGATED AT 92.916336818								
13 ANCHORAGE *	\$7,710,426	\$1,416,780	\$1,770,052	\$11,772,205	\$6,452,942	\$2,746,532	(\$1,450,752) !	\$30,418,185	\$28,263,463								
14 BRISTOL BAY *	\$0	\$372,461	\$0	\$0	\$0	\$0	(\$15,153) !	\$357,308	\$331,998								
15 CORDOVA *	\$0	\$0	\$61,148	\$0	\$0	\$0	(\$22,001) !	\$39,147	\$36,374								
16 FAIRBANKS *	\$1,858,601	\$0	\$33,666	\$8,443,985	\$3,144,920	\$0	(\$498,157) !	\$12,983,015	\$12,063,342								
17 GALENA *	\$0	\$0	\$84,006	\$0	\$0	\$0	(\$11,639) !	\$72,367	\$67,241								
18 HAINES *	\$91,048	\$0	\$42,840	\$0	\$0	\$0	(\$19,636) !	\$114,252	\$106,159								
19 JUNEAU *	\$319,238	\$294,964	\$466,810	\$5,534,931	\$68,324	\$973,473	(\$173,582) !	\$7,484,158	\$6,954,005								
20 KENAI *	\$2,577,695	\$0	\$235,682	\$14,027,261	\$8,522,382	\$0	(\$304,515) !	\$25,118,505	\$23,339,195								
21 KETCHIKAN *	\$430,340	\$0	\$0	\$2,379,735	\$0	\$1,802,539	(\$100,410) !	\$4,512,204	\$4,192,575								
22 KODIAK *	\$1,503,156	\$1,119,323	\$68,177	\$0	\$1,135,000	\$1,078,187	(\$91,219) !	\$4,812,624	\$4,471,714								
23 MAT-SU *	\$1,863,663	\$609,095	\$0	\$7,476,567	\$11,288,482	\$0	(\$326,985) !	\$20,910,822	\$19,429,570								
24 MENANA *	\$0	\$0	\$24,604	\$0	\$0	\$0	(\$13,506) !	\$11,098	\$10,312								
25 NONE *	\$0	\$0	\$37,064	\$126,087	\$635,107	\$0	(\$33,036) !	\$765,222	\$711,016								
26 NORIYH SLOPE *	\$0	\$3,056	\$0	\$3,891,006	\$0	\$4,937,060	(\$52,679) !	\$8,778,443	\$8,156,608								
27 PETERSBURG *	\$381,100	\$0	\$212,345	\$296,287	\$0	\$205,925	(\$29,499) !	\$1,066,158	\$990,635								
28 SITKA *	\$355,752	\$0	\$16,375	\$0	\$1,798,619	\$113,704	(\$66,304) !	\$2,218,146	\$2,061,020								
29 UNALASKA *	\$0	\$239,324	\$343,930	\$0	\$0	\$954,710	(\$11,714) !	\$1,526,250	\$1,418,136								
30 VALDEZ *	\$1,083,118	\$1,624,558	\$0	\$320,974	\$0	\$0	(\$31,859) !	\$3,001,791	\$2,789,154								
31 WRANGELL *	\$0	\$128,669	\$0	\$847,164	\$0	\$0	(\$24,910) !	\$950,923	\$883,563								
32																	
33 TOTALS	\$18,179,137	\$5,808,230	\$3,396,699	\$55,116,202	\$33,105,776	\$12,812,130	(\$3,277,556)	\$125,140,618	\$116,276,080								

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

36 TOTAL BOND OUTLAYS	\$112,209,345
37	
38 PLUS: CASH PAYMENTS	\$3,396,699
39	
40 SUB TOTAL	\$115,606,044
41	
42 NEW BONDS FY91 EST	\$12,812,130
43	
44 SUB TOTAL	\$128,418,174
45	
46 LESS: CIG. TAX	(\$3,277,556)
47	
48 EST. STATE AID-FY91	\$125,140,618

		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS	
1						1
2						2
3		* * * * *	* * * * *			3
4		* * * * * DEPARTMENT OF EDUCATION	* * * * *			4
5		* * * * *	* * * * *			5
6	K-12 SUPPORT		<i>R</i> 565,543,200 <i>Q</i> 520,204,000			6
7	FOUNDATION PROGRAM	<i>R</i> 505,425,100 515,175,100	576,393,200	531,054,000	45,339,200	7
8	STUDENT LUNCH PROGRAM	15,000,000				8
9	CIGARETTE TAX DISTRIBUTION	2,600,000				9
10	TUITION STUDENTS	13,878,500				10
11	BOARDING HOME GRANTS	230,000				11
12	YOUTH IN DETENTION	800,000				12
13	SCHOOLS FOR THE HANDICAPPED	2,872,600				13
14	PUPIL TRANSPORTATION	<i>R</i> 24,737,000 25,837,000				14
15	SCHOOL DEBT REIMBURSEMENT		<i>E</i> 116,688,600 129,654,000	<i>R</i> 116,688,600 129,654,000		15
16	EDUCATION FINANCE AND SUPPORT SERVICES		3,568,600	2,030,200	1,538,400	16
17	DISTRICT SUPPORT SERVICES (21 POSITIONS)	1,798,000				17
18	CERTIFICATION FINGERPRINT FEES	200,000				18
19	CIP OVERHEAD AND ASSOCIATED COSTS (4 POSITIONS)	519,300				19
20	DATA MANAGEMENT & PROCESSING					20
21	DATA PROCESSING (6 POSITIONS)	580,900				21
22	DATA MANAGEMENT (4 POSITIONS)	470,400				22
23	EDUCATION PROGRAM SUPPORT		<i>R</i> 47,368,500 47,671,000	<i>R</i> 6,817,100 7,119,600	40,551,400	23
24	COMMUNITY SCHOOLS	600,000				24

ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1

HYDER
KETCHIKAN
KUPREANOF
MEYERS CHUCK
PETERSBURG
SAXMAN
WRANGELL



IN KETCHIKAN


352 FRONT ST.
KETCHIKAN, AK 99901
PHONE 225-9449

DURING SESSION

PO. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3424

Representative Cheri L. Davis

MEMORANDUM

TO: Rep. Pat Carney
H.E.S.S. CO-CHAIR 

FROM: Rep. CHERI DAVIS

DATE: February 4, 1991

RE: Education Funding Subcommittee Recommendation

The Special Subcommittee on Education Funding reviewed the committee substitute for HB 15, and it is our recommendation that it be moved to the full committee and given a hearing date.



Alaska State Legislature

Official Business

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

MEMORANDUM

January 30, 1991

TO: House Health, Education, and Social Services Committee

FROM: Representative Ronald L. Larson *R.L.*

SUBJECT: HB15

Before you for consideration is HB 15, an Act making supplemental appropriations for School Construction Debt Service and Pupil Transportation. Thank you for this opportunity.

As you know, state law (AS 14.14.060) requires municipalities to establish their budgets for their local school district by May 31 of each year. Upon adjournment of the 16th Legislature, municipalities expected the state to provide funding in the amounts passed by the Legislature, and thus projected these amounts into their budgets and tax rates for fiscal year 1991. However, on July 12, Governor Cowper unexpectedly vetoed 2% from the Foundation Formula, 10% from School Debt Service, and \$1.1 million from Pupil Transportation. The result was municipalities being faced with few options for readjusting their budgets.

The amount of the appropriations in HB 15 are the amounts vetoed from the FY91 State Operating budget by Governor Cowper for the latter two items. It is my feeling that reinstating these items is fulfilling our commitment and obligation to those municipalities who will otherwise be faced with a difficult situation in balancing their budgets.

Ric
1/28/91

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	\$141,856.47	\$149,305.92
ALASKA GATEWAY	\$341,733.38	\$360,186.98
ALEUTIANS EAST	\$68,512.94	\$72,212.64
ANCHORAGE	\$8,065,644.42	\$8,501,189.22
ANNETTE ISLAND	\$8,467.71	\$8,924.97
BERING STRAIT	\$34,390.04	\$36,247.10
BRISTOL BAY	\$145,914.85	\$153,794.04
CHATHAM	\$8,801.81	\$8,958.31
COPPER RIVER	\$500,267.11	\$527,281.53
CORDOVA	\$45,274.75	\$47,719.59
DELTA/GREELEY	\$489,333.76	\$515,757.78
DILLINGHAM	\$211,706.77	\$223,138.94
FAIRBANKS	\$4,378,548.00	\$4,612,879.48
GALENA	\$30,845.38	\$32,300.23
HAINES	\$149,848.58	\$157,940.38
HOONAH	\$14,371.73	\$15,147.80
HYDABURG	\$3,376.34	\$3,558.66
IDITAROD	\$43,000.05	\$45,322.05
JUNEAU	\$1,028,480.05	\$1,084,017.97
KAKE	\$22,131.60	\$23,326.71
KENAI PENINSULA	\$2,504,004.17	\$2,744,620.40
KETCHIKAN	\$480,804.40	\$508,787.84
KODIAK	\$420,973.43	\$443,708.00
KUSPUK	\$78,017.33	\$82,230.27
LAKE & PENINSULA	\$43,353.10	\$46,326.57
LOWER KUSKOKWIM	\$243,730.29	\$256,891.73
LOWER YUKON	\$17,422.83	\$18,383.66
MAT-SU	\$5,100,000.00	\$5,375,400.00
NENANA	\$88,174.44	\$71,855.66
NOME	\$189,182.16	\$178,318.00
NORTH SLOPE	\$241,096.23	\$254,115.43
PELICAN	\$1,734.48	\$1,828.14
PETERSBURG	\$100,902.64	\$106,361.59
RAILBELT	\$193,884.39	\$204,143.35
SITKA	\$381,622.30	\$402,229.90
SKAGWAY	\$4,837.91	\$5,099.16
SOUTHEAST ISLAND	\$115,855.83	\$122,112.04
SOUTHWEST REGION	\$28,182.92	\$27,596.80
TANANA	\$18,430.92	\$19,426.19
UNALASKA	\$108,849.25	\$112,619.11
VALDEZ	\$228,277.63	\$240,604.62
WRANGELL	\$50,594.23	\$53,328.32
YAKUTAT	\$51,275.83	\$54,044.72
YUKON FLATS	\$95,558.94	\$100,717.01
YUKON/KOYUKUK	\$44,863.55	\$47,307.26
GROWTH FACTOR (1)	\$250,000.00	\$263,600.00
SUBTOTAL	\$28,885,950.92	\$28,316,712.27
DRIVER TRAINING / INSPECTIONS	\$254,600.00	\$254,600.00
TOTAL	\$27,120,650.92	\$28,671,312.27

(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 8/18/90 Anchorage CPI report.

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY91

UPDATED 1/5/91

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
12	100%	90%	80%	90%	80%	80%	ESTIMATED	FY91 APPROPRIATION										
13	BOND SALES	BOND SALES	ESTIMATED	BOND SALES	BOND SALES	NEW BONDS	TOTAL DEBT	LESS CIP OVERHEAD										
14	PRE 7/1/77	7/1/77 TO	CASH PAYMENT	1/1/82 TO	7/1/83 TO	ISSUES SOLD	RETIREMENT	\$116,276,078										
15		1/1/82		7/1/83	PRESENT	FY91	BY DISTRICT	ENTITLEMENT PRORATED AT										
16	2YR LAG	2YR LAG	2YR LAG	CURRENT PAY	CURRENT PAY	AID EST.	FOR FY91	92.91633681%										
13 ANCHORAGE	\$7,710,426	\$1,416,780	\$1,770,052	\$11,772,205	\$6,452,942	\$2,746,532	(\$1,450,752) !	\$30,818,185	\$28,263,463									
14 BRISTOL BAY	\$0	\$372,461	\$0	\$0	\$0	\$0	(\$15,153) !	\$357,308	\$331,998									
15 CORDOVA	\$0	\$0	\$61,148	\$0	\$0	\$0	(\$22,001) !	\$39,147	\$36,374									
16 FAIRBANKS	\$1,858,601	\$0	\$33,666	\$8,443,985	\$3,144,920	\$0	(\$498,157) !	\$12,983,015	\$12,063,342									
17 GALENA	\$0	\$0	\$84,006	\$0	\$0	\$0	(\$11,639) !	\$72,367	\$67,241									
18 HAINES	\$91,048	\$0	\$42,840	\$0	\$0	\$0	(\$19,636) !	\$114,252	\$106,159									
19 JUNEAU	\$319,238	\$294,964	\$466,810	\$5,534,931	\$68,324	\$973,473	(\$173,582) !	\$7,484,158	\$6,954,005									
20 KENAI	\$2,577,695	\$0	\$235,682	\$14,027,261	\$9,582,382	\$0	(\$304,515) !	\$25,118,505	\$23,339,195									
21 KETCHIKAN	\$430,340	\$0	\$0	\$2,379,735	\$0	\$1,802,539	(\$100,410) !	\$4,512,204	\$4,192,575									
22 KODIAK	\$1,503,156	\$1,119,323	\$68,177	\$0	\$1,135,000	\$1,078,187	(\$91,219) !	\$4,812,624	\$4,471,714									
23 MAT-SU	\$1,863,663	\$609,095	\$0	\$7,476,567	\$11,288,482	\$0	(\$326,985) !	\$20,910,822	\$19,429,570									
24 MENHANA	\$0	\$0	\$24,604	\$0	\$0	\$0	(\$13,506) !	\$11,098	\$10,312									
25 NOPE	\$0	\$0	\$37,064	\$126,087	\$635,107	\$0	(\$33,036) !	\$765,222	\$711,016									
26 NORTH SLOPE	\$0	\$3,056	\$0	\$3,891,006	\$0	\$4,937,060	(\$52,679) !	\$8,778,443	\$8,156,608									
27 PETERSBURG	\$381,100	\$0	\$212,345	\$296,287	\$0	\$205,925	(\$29,499) !	\$1,066,158	\$990,635									
28 SITKA	\$355,752	\$0	\$16,375	\$0	\$1,798,619	\$113,704	(\$66,304) !	\$2,218,146	\$2,061,020									
29 UNALASKA	\$0	\$239,324	\$343,930	\$0	\$0	\$954,710	(\$11,714) !	\$1,526,250	\$1,418,136									
30 VALDEZ	\$1,088,118	\$1,624,558	\$0	\$320,974	\$0	\$0	(\$31,859) !	\$3,001,791	\$2,789,154									
31 WRANGELL	\$0	\$128,669	\$0	\$847,164	\$0	\$0	(\$24,910) !	\$950,923	\$883,563									
32							!											
33 TOTALS	\$18,179,137	\$5,808,230	\$3,396,699	\$55,116,202	\$33,105,776	\$12,812,130	(\$3,277,556)	\$125,140,618	\$116,276,080									
34																		
35																		
36 TOTAL BOND OUTLAYS	\$112,209,365																	
37																		
38 PLUS: CASH PAYMENTS	\$3,396,699																	
39																		
40 SUB TOTAL	\$115,606,044																	
41																		
42 NEW BONDS FY91 EST	\$12,812,130																	
43																		
44 SUB TOTAL	\$128,418,174																	
45																		
46 LESS: CIG. TAX	(\$3,277,556)																	
47																		
48 EST. STATE AID-FY91	\$125,140,618																	

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

		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS	
1						1
2						2
3		*****	*****			3
4		***** DEPARTMENT OF EDUCATION	*****			4
5		*****	*****			5
6	K-12 SUPPORT		<i>565,543,200</i>	<i>520,204,000</i>		6
7	FOUNDATION PROGRAM	<i>505,425,100</i>	576,393,200	531,054,000	45,339,200	7
8	STUDENT LUNCH PROGRAM	15,000,000				8
9	CIGARETTE TAX DISTRIBUTION	2,600,000				9
10	TUITION STUDENTS	13,878,500				10
11	BOARDING HOME GRANTS	230,000				11
12	YOUTH IN DETENTION	800,000				12
13	SCHOOLS FOR THE HANDICAPPED	2,872,600				13
14	PUPIL TRANSPORTATION	<i>24,737,000</i>				14
15	SCHOOL DEBT REIMBURSEMENT	25,837,000	<i>116,688,600</i>	<i>116,688,600</i>		15
16	EDUCATION FINANCE AND SUPPORT SERVICES		3,568,600	2,039,200	1,538,400	16
17	DISTRICT SUPPORT SERVICES (21 POSITIONS)	1,798,000				17
18	CERTIFICATION FINGERPRINT FEES	200,000				18
19	CIP OVERHEAD AND ASSOCIATED COSTS (4 POSITIONS)	519,300				19
20	DATA MANAGEMENT & PROCESSING					20
21	DATA PROCESSING (6 POSITIONS)	580,900				21
22	DATA MANAGEMENT (4 POSITIONS)	470,400				22
23	EDUCATION PROGRAM SUPPORT		<i>47,368,500</i>	<i>6,817,100</i>	40,551,400	23
24	COMMUNITY SCHOOLS	600,000	47,671,000	7,119,600		24

TABLE OF CONTENTS

* HB 15 An Act making supplemental appropriations to the Department of Education for school construction debt reimbursement and pupil transportation; and providing for an effective date.

1. Bill
2. 1990 School profiles
3. Memo from Sponsor, Rep. Larson
4. Dept. of Education statistics

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 21, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/12/91

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 15

HOUSE BILL NO. 15

APPROP: SCHOOL DEBT/TRANSPORTATION

"An Act making supplemental appropriations to the Department of Education for school construction debt reimbursement and pupil transportation; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CSHB 15 (HES)

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
<i>Alexis Davis</i>				
<i>John C. Souza</i>			X	
<i>Betty Davis</i>			X	
<i>Mary Miller</i>			X	

[Signature]
Chairman's Signature

ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1

HYDER
KETCHIKAN
KUPREANOF
MEYERS CHUCK
PETERSBURG
SAXMAN
WRANGELL



IN KETCHIKAN

352 FRONT ST.
KETCHIKAN, AK 99901
PHONE 225-9449

DURING SESSION

P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3424

Representative Cheri L. Davis

MEMORANDUM

TO: Rep. Pat Carney
H.E.S.S. CO-CHAIR *CD*

FROM: Rep. CHERI DAVIS

DATE: February 4, 1991

RE: Education Funding Subcommittee Recommendation

The Special Subcommittee on Education Funding reviewed the committee substitute for HB 15, and it is our recommendation that it be moved to the full committee and given a hearing date.

1990 Alaska School Profiles

District	Area Cost Differencia	ADM.	Expenditures per A.D.M.	Admin. Cost per A.D.M.	Teachers Average Salary	Pupil/Teacher Ratio*	Full Time Cert. Staff	Instructiona Personnel	Instructiona Aides	Local Contribution	Superintendan Salary**
Alaska average					\$43,209	16.62					
Adak	1.27	688			\$45,458	15.64	46.00	2.00	6.20		
Alaska Gateway	1.19	485			\$44,629	12.28	41.50	2.00	11.85		
Aleutian Region	1.31	NA			NA						
Aleutian East	1.27	323			\$43,528	8.97	36.50	0.50	6.00		
Anchorage	1.00	38,146			\$43,469	18.04	2,366.18	363.00	243.00		
Annette Island	1.03	395			\$38,388	12.82	38.80	8.00	4.90		
Bering Straights	1.39	1,335			\$39,438	10.10	147.94	15.73	68.32		
Bristol Bay	1.27	242			\$40,511	10.52	25.00	2.00	2.00		
Chatham	1.03	357			\$37,778	9.92	36.00				
Chugach	1.14	123			\$38,940	10.25	12.50				
Copper River	1.14	570			\$43,441	12.95	46.00	2.00	17.34		
Cordova	1.11	425			\$44,285	14.17	35.50	5.50	5.50		
Craig	1.03	258			\$39,684	14.56	17.72				
Delta/Greely	1.16	851			\$41,590	15.20	61.00	3.00	10.00		
Dillingham	1.27	460			\$46,082	15.08	42.00	11.50	6.75		
Fairbanks	1.04	14,252			\$44,100	23.95	902.50	397.00	108.00		
Galena	1.30	135			\$42,059	8.44	20.00	4.00			
Haines	1.05	397			\$41,929	17.29	32.56	9.60			
Hoonah	1.08	234			\$41,901	13.00	19.00	1.00	1.50		
Hydaburg	1.03	101			\$38,513	8.42	12.00		2.00		
Iditarod	1.33	417			\$44,683	10.30	40.50		18.12		
Juneau	1.00	4,870			\$47,087	21.59	311.00	85.40	27.20		
Kake	1.03	162			\$30,209	11.74	18.00	4.20	2.87		
Kashunamiut	1.33	159			\$39,583	12.23	18.00	5.00	4.00		
Kenai Penin.	1.00	8,671			\$40,352	16.12	600.30	62.25	31.62		
Ketchikan	1.00	2,738			\$41,500	20.66	163.50	31.00	7.00		
Klawock	1.03	184			\$41,228	12.27	17.00	2.00	4.00		
Kodiak	1.09	2,435			\$42,990	17.08	155.05	12.50	41.94		
Kuspuk	1.33	NA			NA						
Lake & Peninsula	1.31	404			\$37,147	8.24	51.00	2.00	2.55		
Lower Kuskokwin	1.42	2,674			\$43,252	11.65	229.50	4.50	103.82		
Lower Yukon	1.35	1,293			\$45,374	10.60	130.00	10.00	82.00		
Mat-Su	1.00	8,851			\$39,881	16.65	531.75	26.50	29.50		
Nenana	1.20	185			\$41,926	13.18	16.00	2.00	0.50		
Nome	1.34	751			\$46,551	17.88	50.50	8.50	6.30		

1990 Alaska School Profiles

District	Area Cost Differencia	ADM.	Expenditures per A.D.M.	Admin. Cost per A.D.M.	Teachers Average Salary	Pupil/Teacher Ratio*	Full Time Cert. Staff	Instructional Personnel	Instructional Aides	Local Contribution	Superintendant Salary**
North Slope	1.45	1,287			\$49,849	9.82	146.00	15.00	78.00		
N.W. Arctic	1.45	1,577			\$45,647	12.52	131.50	5.50			
Pelican	1.08	47			\$45,862	9.22	5.30	0.20	0.75		
Petersburg	1.00	689			\$42,155	16.40	46.00	4.00	11.75		
Pribilof	1.30	150			\$45,623	11.00	14.00	0.40	9.20		
Railbelt	1.23	344			\$39,130	11.90	29.90	1.00	3.33		
Saint Marys	1.30	110			\$42,271	10.68	10.30	3.00	18.00		
Sitka	1.00	1,767			\$45,428	17.85	106.00	7.00	1.00		
Skagway	1.05	139			\$34,922	11.58	14.00	1.00	40.58		
S.E. Islands	1.04	562			\$41,154	10.48	56.62	3.00	31.00		
S.W. Region	1.31	435			\$43,543	9.30	53.75	7.00	3.50		
Tanana	1.30	NA			NA						
Unalaska	1.27	199			\$42,061	13.72	18.00	3.50	4.50		
Valdez	1.11	818			\$48,171	15.66	62.25	10.00	11.00		
Wrangell	1.00	506			\$37,860	13.94	41.30	36.33	4.00		
Yakutat	1.08	132			\$37,017	9.60	14.75	0.50	0.50		
Yukon Flats	1.46	336			\$44,085	8.20	41.00		22.00		
Yukon/Koyukuk	1.34	529			\$43,561	10.80	49.00		36.00		
Yupitit	1.41	320			\$34,621	10.32	31.00		26.00		
* This is the first year AASB is calculating PTR using FTE figures. Previous calculations based on head counts.											
**does not include additional benefits that may be unique in certain districts (E.G. housing, travel, annuities, etc.)											
Note: King Cove and Sandpoint REAA's now form the Aleutian East School District											
Data provided by the Association of Alaska School Boards											