

HIB

267

HFIN

FILE

FISCAL NOTE

No. 1
 Bill Version: SSHB 267
 (H) Publish Date: 3/2/94

STATE OF ALASKA

1994 LEGISLATIVE SESSION

Revision Date: February 1, 1994 Department Affected: Education

Title: An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in ADM ... BRU: K-12

Component: Foundation

Sponsor: Foster

Requestor: Foster COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	3,372.1	3,439.5	3,508.3	3,578.5	3,650.1	3,723.1
MISCELLANEOUS						
TOTAL OPERATING	3,372.1	3,439.5	3,508.3	3,578.5	3,650.1	3,723.1

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3,372.1	3,439.5	3,508.3	3,578.5	3,650.1	3,723.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	3,372.1	3,439.5	3,508.3	3,578.5	3,650.1	3,723.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.) This legislation would amend AS 14.17.041 by adding a new table for single site school districts serving less than 800 students in average daily membership. The increase will result from a declining percentage increase in K-12 instructional units as the districts, grouped by size, increase in average daily membership. The Department of Education has assumed an ADM increase of 2% a year.

Prepared by: Eddy Jeans Phone: 465-8685

Division: School Finance Date: February 1, 1994

Approved by Commissioner: Jerry Covey

Agency: Education Date: February 1, 1994

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

COMMITTEE COPY

ALASKA DEPARTMENT OF EDUCATION
 FY95 FOUNDATION PROGRAM
 HB 267

The Department of Education has not verified the unit
 computations submitted by the local school districts.

	PROJ. FY95 ADM	K-12 Units	Single site Units	AREA DIFF.	Single site Allocation
ADAK	150.00	16.00	1.92	1.27	\$148,840
ALEUTIAN REGION	16.00	3.20	0.38	1.31	30,500
ANNETTE ISLANDS	407.00	33.13	2.65	1.03	166,530
CORDOVA	511.15	40.08	3.21	1.11	217,160
CRAIG	363.00	30.20	2.42	1.03	151,890
DILLINGHAM	523.00	40.38	3.23	1.27	250,100
GALENA	149.00	16.42	1.97	1.30	156,160
HOONAH	270.00	24.00	1.92	1.08	126,270
HYDABURG	115.00	13.58	1.63	1.03	102,480
KAKE	181.00	18.07	2.17	1.03	136,640
KASHUNAMIUT	228.00	21.20	2.54	1.33	206,180
KLAWOCK	225.00	21.00	2.52	1.03	158,600
NENANA	190.00	18.67	2.24	1.20	164,090
NOME	727.95	53.98	3.24	1.34	264,740
PELICAN	45.00	7.13	0.86	1.08	56,730
PETERSBURG	733.00	54.50	3.27	1.00	199,470
SKAGWAY	135.00	15.00	1.80	1.05	115,290
ST. MARY'S	103.00	12.58	1.51	1.30	119,560
TANANA	106.00	12.83	1.54	1.30	122,000
UNALASKA	396.00	32.40	2.59	1.27	200,690
WRANGELL	533.00	41.53	2.49	1.00	151,890
YAKUTAT	150.00	16.00	1.92	1.08	126,270
TOTALS	6,257.10	541.88	48.02		\$3,372,080

A M E N D M E N T

OFFERED IN THE HOUSE
TO: SSHB 267

BY REPRESENTATIVE GRUSSENDORF

Page 1, line 1, after "Act":

Insert "relating to the calculation of instructional units used in determining state aid for education and"

Page 1, after line 4:

Insert a new bill section to read:

"* Section 1. AS 14.17.031(b) is amended to read:

(b) If the total elementary and secondary instructional units that a school district is eligible to receive under (a) of this section decrease by five [10] percent or more from one fiscal year to the next, the school district may use the last fiscal year before the reduction as a base fiscal year and offset its reduction according to the following schedule: (1) for the first fiscal year after the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 75 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the first fiscal year after the base fiscal year; (2) for the second fiscal year after the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 50 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the second fiscal year after the base fiscal year; (3) for the third fiscal year after the base fiscal year, the school district is eligible to receive the total elementary and secondary instructional units determined under (a)(1) of this section plus 25 percent of the difference in total elementary and secondary instructional units between the base fiscal year and the third fiscal year after the base fiscal year. The schedule established in this subsection is available to a school district for the three fiscal years

following the base fiscal year only if the total elementary and secondary instructional units received by the school district under (a)(1) of this section for each fiscal year are less than the total elementary and secondary instructional units received by the school district in the base fiscal year. This subsection does not apply to a decrease in total elementary and secondary instructional units resulting from a loss of enrollment that occurs as a result of a boundary change under AS 29."

Page 1, line 5:

Delete "Section 1."

Insert "Sec. 2."

Renumber the following bill section accordingly.



Alaska State Legislature

Please enter into the record my testimony to the House Finance
 committee name

committee on HB 267 Education , dated March 7, 1994
 bill/subject

In 1987 the current foundation formula funding was put into place. At that time an inequity in the formula was identified, resulting in a large decrease in money for single site districts. Although the legislature recognized the inequity they chose to implement the foundation formula as it was with a promise to fix the formula the following year in 1988. Seven years later the inequity still exists and has not been fixed. It could be fixed in HB 267. Please pass HB 267. It is the best solution to a very long standing problem.

Signed: Deborah Miller *Deborah Miller*
 Testifier

Nome Public Schools
 Representing (Optional)

P.O. Box 1923 Nome, Alaska 99762
 Address

443-3083 (hmn) 443-5236 (wic)
 Phone No.

SPONSOR'S STATEMENT

HB 267 would add a subsection to the school foundation formula that would increase funding for school districts which are comprised of one funding community (single site school districts) and which have an average daily membership (ADM) of 800 or less students. A background and analysis of the issue has been prepared for the Single Site School District Consortium and is included in the packet of information pertaining to the bill. There are also two illustrations of what happens in comparable sized school districts when one district has more than one funding site. Please see the FY93 Foundation Program Calculations for Aleutians East, Annette, Haines and Southeast Is. which shows the amount of funding generated for each district. Note that Annette and Haines are single site districts. The second set of comparisons are for Chugack and Skagway.

This change in the foundation formula should not be considered to be an increase in school funding. Funding that was provided as a grant during the last fiscal year would be transferred to the foundation formula and be subjected to the same proration as other funding.

The State Board of Education Voted to support HB 267 at its 01/12/94 meeting. Their support was "contingent upon appropriation of sufficient additional funds to implement it." (Please see the enclosed "Single Site" portion of the minutes from 01/12/94.)

The packet also contains letters of support from the Alaska Association of School Administrators and NEA-Alaska and others.

POSITION PAPER: DEPARTMENT OF EDUCATION

Division School Finance Bill Number HB267

Bill Title An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in ADM; and providing an effective date.

Sponsor Foster

This legislation proposes to give more state aid to public school districts that serve less than 800, K-12 students in a dense community, connected by road. The increase will result from a declining percentage increase in the number of K-12 instructional units as the district grows in average daily membership, grouped by size. Unlike the current foundation formula, this approach provides a significant difference in funding based on one student for a district at the break points between groups. This stair step approach to funding K-12 units was eliminated in 1937, with the current foundation program.

Given the Governor's budget, the Department does not support HB267. Currently, the Foundation program is short funded in both fiscal year 1994 and 1995. Twenty one of the twenty two single site school districts that would benefit from this legislation have already received a discretionary grant for fiscal year 1993-94. The effective date of this legislation would require a second payment. Both payments are intended to compensate for the same perceived inequity in the current Public School Foundation Formula. Yet no one has objectively quantified what the perceived inequity is. One thing common to the group of single site school districts is that each has only one funding community. Due to the small size and lack of dispersion, each single site district does have the option to house all of its students, as well as its administrative functions on one site, eliminate travel from site to site, eliminate itinerant staff and avoid multiple purchases of like items. This should be the least expensive type of school district alternative, having the most potential for savings. However, the Department recognizes that this may be more of an economic issue, based on past practice, than an educational programmatic issue.

At present, the only conclusive statement that can be clearly documented and undisputed is that single site districts of the same average daily membership (ADM) as multiple site school districts generate less instructional units and, as a result, less basic need than do the multiple site school districts. This difference can be resolved one of two ways, if in fact a resolution is necessary: 1) amend the formula to reduce the effects of the front loading and basic need for multiple site school districts or 2) amend the formula to increase basic need for single site school districts.

Based on the districts that would benefit from this statutory change, it appears that when a district generates enough K-12 units it is not disadvantaged by the current formula. At some point economies of scale must fit the current formula, indicating that a greater need may exist in districts which earn the least instructional units. Although,

H
C
U
F
H

this proposed formula is based on a declining percentage increase in the number of K-12 units, it in fact, awards a greater number of units and absolute dollars as district size increases.

The Board of Education does not support any increase to single site school districts, if that increase will result in a loss to any other school district. The arguments and evidence have not been so compelling as to generate support at the cost of others. Although the Board acknowledged no inequity in the current formula, the Board did agree that if all K-12 supplementals and the unit value are funded in full, then it could support HB257.

APPROVED:

Director DUANE F. GUILLEY Division SCHOOL FINANCE

Signature *Duane F. Guiley* Date JANUARY 24 1994

Commissioner/Deputy *Phil Weber*

Signature *Phil Weber* Date 1/25/94

Small Single Site School District Funding

Issue

To revise Title 14, Chapter 17 Public School Foundation Program to include an increase for schools with one funding community (site) and 800 or fewer average daily membership (ADM).

Background

The present public funding act was passed in the 1987 Legislative Session. During the Legislative hearings there was much discussion concerning the adequacy of the funding formula for small single site school districts i.e. districts of up to 1,000 (750, 525, 100-525) in enrollment that were a single funding community. No one was sure of the impact of the new formula on these districts and an appropriation of two million dollars was made to the State Department of Education to address unique and emergency circumstances substantiated by school districts to the Department. Subsequent fiscal year appropriations were made to the Department for specific school districts, the majority of which were single site school districts.

A review of testimony on CSHB 126 (Fin.) (Chapter 91 SLA 1987), and the discussions in subsequent years on supplemental appropriations for single site school districts, shows that the Legislature believes there is a need for some adjustment in the foundation program for single site school districts. Certainly the passage of supplementals for FY88 (2), 90, 91, 92 and 93 shows there is a continuing need for additional support to single site districts. The major questions concerning the issue are: what size districts should receive additional support, how much support, and how to incorporate the adjustments into the foundation program?

Analysis

There has been general agreement that single site districts as large as the Nome School District need some adjustment. For purposes of analysis single site school districts of 1000 or fewer in ADM will be divided into three groups, i.e. districts of 1-250 ADM, 251-525 ADM and 526-1,000 ADM. These groups are selected for analysis because they generally follow breakpoints in the present formula for K-12 instructional units. These districts were analyzed on a per ADM basis for changes that have occurred in state funding, local effort, P.L. 81-874 funds, fund balances, property values, supplemental support and pupil teacher ratios (PTR) since FY86. FY86 was selected as the base year because it had the highest state support for public education in the history of the State. The Aleutian Region REAA and the schools in the Aleutian East Borough were excluded from the analysis because of a lack of comparable data, and the North Slope Borough and Valdez City districts were excluded because of extremely high local property values.

Analysis (continued)

The procedure that was used for analysis purposes was to:

- accumulate the changes in each area listed above incorporating the changes required by the FY88 Foundation Act, and
- dividing the cumulative changes per ADM by the K-12 instructional unit basic need for FY91.

This determined the percentage of gain or loss by group as if there had been no supplemental support, allowing a comparison between what has been appropriated for supplementals and what the analysis shows as needed.

Findings

1. Single site school districts of 1-250 had a loss of 19.96%.
2. Single site districts of 251-525 had a loss of 10.00%.
3. Single site districts of 526-1000 had a loss of 5.06%.
4. The rest of the school districts as a group had a loss of 1.87%.
5. The data would suggest that single site school districts of 1-250 should receive an additional 18.09% (19.96% - 1.87%) of K-12 units, single site districts of 251-525 an addition of 8.13%, and single site districts of 526-1,000 an addition of 3.19%.
6. However, the 1-250 group of single site school districts received about a 4.50% more in supplemental support and exceeded the required 4 mill local effort by about 1 mill more than the other two groups, yielding about another 1.5% advantage, leaving that group at about a 12% adjusted loss. The 526-1,000 group of single site school districts started with a significantly higher pupil teacher ratio and increased it by almost one-fifth, which means that the group cut their programs beyond what the other groups did, reflecting about a 3% lower loss than they should have, had they received a higher level of supplemental support.

Recommendation

The above analysis and findings support the following recommendation for increased support to single site school districts of 800 or fewer in ADM .

ADM	Percent of K-12 Units
1-250	12
251-525	8
526-800	6

Analysis and Findings prepared for the Single Site School District Consortium by Dr. Nat Cole, January 28, 1992. Background updated and recommendation modified by Single Site School District Consortium February 1993.

Small Single Site School Districts

Funding Analysis

TABLE I

Sch Dist. Size in ADM	A ACTUAL FY91 ADM	B AV. SUPP. PER ADM	C FY90 LOCAL EFF ≥ 4 MILLS PER ADM	D ADJ LOC EFF CNG PER ADM	E F90-F86 FND BAL PER ADM	F F88-91 LO EF/ADM CNG @ 4 MIL	G ST FND/ADM F86-F91	H PL874/ADM F88-F91	I C3B PL874 ADJUST/ADM
Total ADM 1-250	2046.1	500	517	-420	-986	-35	-1766	-209	802
Total ADM 251-525	2095.45	142	430	-235	-325	3	-928	532	200
Total ADM 526-1000	2171.15	116	331	-47	-512	-33	-1014	1022	46
Total Other Districts	99321.25		646	-22	-102	-618	123	212	56

TABLE II

Sch Dist. Size in ADM	J CUM CNGS/ADM	K CUM CNGS/ADM PER YEAR	L F91 K-12 BASIC ND PER ADM	M CUM CNG AS % OF F91 BN INC SUPP	N AV SUPP AS % OF F91 BN	O CUM % CNG WITHOUT SUPP	P CNG LOC EFF C3B ≥ 4 MILLS IN F90
Total ADM 1-250	-2613	-523	7226	-7.23%	-6.92%	-14.15%	-5.81%
Total ADM 251-525	-754	-151	5284	-2.85%	-2.69%	-5.55%	-4.45%
Total ADM 526-1000	-537	-107	5343	-2.01%	-2.17%	-4.18%	-0.88%
Total Other Districts	-351	-70	4913	-1.43%	0.00%	-1.43%	-0.44%

TABLE III

Sch Dist. Size in ADM	Q GRAND TOTAL % CNG/ADM	R ONE MILL PER ADM	S LOCAL MILL EFFORT ≥ 4 MILLS	T PTR F88	U PTR F90	V % INC PTR F90VS86
Total ADM 1-250	-19.96%	151	3.43	7.13	8.96	25.66%
Total ADM 251-525	-10.00%	187	2.30	9.59	10.92	13.83%
Total ADM 526-1000	-5.06%	138	2.39	11.62	13.82	18.90%
Total Other Districts	-1.87%	219	2.94	13.05	13.73	5.25%

Column Explanation Tables I-III

School District Size In ADM:

Total ADM 1-250 : Is single site school districts with average daily memberships (ADM) of 1-250.

Total ADM 251-525: Is single site school districts of 251-525 ADM.

Total ADM 526-1000: Is single site school districts of 526-1000 ADM.

Total Other Districts: Is all other school districts except Valdez, North Slope , Aleutian East and Aleutian Region as noted in the analysis section of the report.

Column A: Actual FY 91 ADM: Foundation ADM for fiscal year 1991

Column B: Average Supplementals Per ADM: Total supplemental support FY 86-91 divided by the number of supplementals received divided the FY 91 ADM.

Column C: F 90 Local Effort Greater Than 4 Mills Per ADM: Shows the per ADM local effort of school districts greater than the 4 mills required by the foundation act in effect in FY 88.

Column D: Adjusted Local Effort Change Per ADM: Shows the difference in local effort per ADM in FY 86 minus FY 90. This represents the local effort change made by school districts over the 5 year period FY 86- FY90. Negative represents more local effort and positive less local effort.

Column E: F 90- F 86 Fund Balance Per ADM: Shows the loss(-) or gain (+) in fund balance per ADM between FY 86 and FY 90.

Column F: FY 88_FY91 Local Effort Per ADM change at 4 Mills: Shows the increase (-) or decrease (+) in required local effort resulting from the change in local property valuations per ADM between FY 88 and FY 90. That is the change in state foundation funding (Column G) would have been greater or lesser had the property values remained the same.

Column G: State Foundation Per ADM FY 86 less FY 91: Shows the loss (-) or gain (+) in state foundation payments per ADM between FY 86 and FY 91. Columns F, H and I are adjustments to this number for required local effort (F) and P. L. 874 (H,I).

Column H: P. L. 874 per ADM FY 88 less FY 91: Shows the gain (-) or loss (+) in P. L. 874 from FY 88 to FY 91. A gain reduced state aid and a loss increased state aid compared to no change.

Column I: City and Borough P. L. 874 payments that were first taken into consideration in FY 88 and which adjusts positively to the foundation change (Column G). That is the loss in state funds for city and borough school districts due to the 874 payments was an intentional adjustment and should show as a reduction in the change in Column G.

Column J: Cumulative Changes Per ADM: Shows the net result of the changes in Columns D through I.

Column K: Cumulative Changes Per ADM Per Year: Column J divided by the five years FY 86 through FY 90 to get the average change to apply to FY 91 K-12 Basic Need.

Column L: FY 91 K-12 Basic Need Per ADM: Shows the FY 91 dollars per ADM that represents the amount of K-12 Basic Need. This is the number that the changes from FY 86 to FY 91 are compared to determine the needed percent change in the K-12 Instructional Units for the single site school districts.

Column M: Cumulative Changes AS A Percent Of FY 91 Basic Need Including Supplementals: Shows the average adjusted changes per year brought about by changes in local effort up to 4 mills, change in fund balance, change in P. L. 874 and state foundation change. It also includes the supplemental support shown in Column B which when relating to foundation payments must be adjusted out to show how districts foundation payments are affected without the supplementals.

Column N: Average Supplemental AS A Percent Of FY 91 Basic Need: Shows the effects of not having the supplementals in Column B.

Column O: Cumulative Percent Change Without The Supplemental: Shows the sum of Columns M and O.

Column P: Change In Local Effort With City And Borough's Local Effort Greater Than 4 Mills In FY 90 FY86 Less FY 90: Shows the local effort increase (-) above 4 mills in FY 90.

Column Q: Grand Total Percent Change Per ADM: Shows the total changes as a percent of FY 91 K-12 Basic Need.

Column R: One Mill Per ADM: Shows the dollars per ADM generated by one mill.

Column S: Local Mill Effort Greater Than 4 Mills.

Column T: PTR FY 86: Shows the pupil teacher ratio for FY 86.

Column U: PTR FY 90: Shows the pupil teacher ratio for FY 90.

Column V: Percent Increase In PTR FY 90 Verses FY 86.

FY93 Foundation Program Calculations

#1

	Aleutians East	Annette	Haines	Southeast Is.
ADM	391.00	404.00	432.30	418.00
K-12 Units	48.08	32.93	37.34	76.27
Area Differential	1.31	1.03	1.05	1.04
Adjusted Units	62.98	33.92	39.21	79.32
Basic Need	\$3,841,780	\$2,069,120	\$2,391,810	\$4,838,520
Req. Local / PL81-874	(627,031)	(1,285,286)	(490,388)	(593,718)
State Foundation Aid	\$3,214,749	\$783,834	\$1,901,422	\$4,244,802

48

Following Per ADM

Basic Need	\$9,826	\$5,122	\$5,533	\$11,575
Req. Local / PL81-874	1,604	3,181	1,134	1,420
State Aid	\$8,222	\$1,940	\$4,398	\$10,155

The units and basic need presented on this spreadsheet only represent the K-12 student population. These numbers do not reflect the additional Bilingual/Bicultural, Special Education or Vocational Education units.

page 1

Annette Island School District FY93 State Foundation Calculations

Funding Community	ADM	K-12 Units	Bl/Bic Units /1	Special Ed. Units	Voc. Ed. Units /1	Total Units
Annette	404.00	32.93	1.00	5.21	1.00	40.14

Total PL81-874 /2	\$1,952,942		1.03 Area Cost Differential
Less Indian Land Add-on	(357,023)		41.34 Adjusted Units
Less Special Ed. Add-on	(167,823)		\$61,000 Unit Value
PL81-874 Eligible for Deductions	1,428,096		2,521,740 BASIC NEED
Statutory deduction	90%		
	<u>1,285,286</u>	>>>>>>>	1,285,286 Less Deductible PL81-874
			<u>\$1,236,454</u> State Foundation Aid

/1 minimum of 1 unit for the district if providing services.

/2 PL81-874 are Federal payments direct to school districts.

Haines Borough School District FY93 State Foundation Calculations

Funding Community	ADM	K-12 Units	Bi/Bic Units /1	Special Ed. Units	Voc. Ed. Units /1	Total Units
Haines	413.40	33.56	0.00	3.54	1.00	
Mosquito Lake	18.90	3.78	0.00	0.33	0.00	
Totals	432.30	37.34	0.00	3.87	1.00	42.21

1.05 Area Cost Differential
 44.32 Adjusted Units
\$61,000 Unit Value
\$2,703,520 BASIC NEED
 477,711 Less Required Local Effort

1991 Full Value 119,427,700 X .004 =

FY93 Required Local divided by FY93 Budgeted Local
 PL81-874 Percentage

\$477,711
<u>893,432</u>
53.47%

Total PL81-874 /2	\$27,141
Less Indian Land Add-on	(797)
PL81-874 Eligible For Deduction	26,344
PL81-874 Percentage	53.47%
Amount Eligible For Statutory Deduction	14,086
Statutory deduction	90%
	<u>\$12,677</u> >>>>>>>

12,677 Less Deductible PL81-874
\$2,213,132 State Foundation Aid

/1 minimum of 1 unit for the district if providing services.

/2 PL81-874 are Federal payments direct to school districts.

page 4

Funding Community	ADM	K-12 Units	Bl/Bic Units /1	Special Ed. Units	Voc. Ed. Units /1	Total Units
Bruce Hill	6.00	2.00	0.00	0.25	0.00	
Craig	14.00	2.80	0.00	0.25	0.00	
Ecina Bay	18.00	3.60	0.00	0.25	0.10	
Hollis	22.00	4.25	0.00	0.25	0.10	
Howard Valentine	40.75	6.59	0.00	0.33	0.10	
J. R. Gildersteeve	19.00	3.80	0.00	0.25	0.10	
Kasaan	6.45	2.00	0.10	0.25	0.10	
LaBouchere Bay	22.00	4.25	0.00	0.25	0.00	
Meyers Chuck	5.00	2.00	0.10	0.25	0.00	
Naukati	32.40	5.55	0.00	0.34	0.10	
Polk Inlet	10.00	2.00	0.00	0.25	0.10	
Port Alexander	22.80	4.35	0.00	0.43	0.10	
Port Protection	12.00	2.40	0.00	0.25	0.10	
Rowan Bay	8.30	2.00	0.00	0.25	0.10	
Smith Cove	7.65	2.00	0.00	0.00	0.00	
Thorne Bay	153.65	16.24	0.00	1.45	0.11	
Whale Pass	18.00	3.60	0.00	0.34	0.10	
Hold Harmless /3		6.84				
Total	418.00	76.27	1.00	5.64	1.21	84.12

Total PL81-874 /2	\$687,273	1.04 Area Cost Differential
Less Indian Land Add-on	(22,921)	87.48 Adjusted Units
Less Special Ed. Add-on	(4,665)	\$61,000 Unit Value
PL81-874 Eligible for Deductions	659,687	5,336,280 BASIC NEED
Statutory deduction	90%	
	593,718 >>>>>>>	593,718 Less Deductible PL81-874
		<u>\$4,742,562</u> State Foundation Aid

/1 minimum of 1 unit for the district if providing services.

/2 PL81-874 are Federal payments direct to school districts.

/3 Hold Harmless provision; when K-12 units decrease 10% or more in one year. First year is 75% of the difference, second year is 50% third year is 25%. The base year in this case is the 1991 school year.

page 5

SINGLE SITE SCHOOL DISTRICT CONSORTIUM
985 KSD WAY
CHEVAK, ALASKA 99563
858-7713 FAX 858-7328

January 24, 1994

Honorable Richard Foster
Alaska House of Representatives
State Capitol
Juneau, Alaska 99801

Re: HB 267

Dear Representative Foster:

On behalf of the Single Site School District Consortium, I wish to thank you again for introducing HB 267. For the last several years, single site school districts have received supplemental appropriations in recognition of the inherent inequity in the foundation formula as regards single sites. In fact, the formula used for computing these supplemental appropriations the last two years is the precise formula contained in your bill.

As you know, the inequity affecting single sites is the result of the "front-end load" in the formula. A single site district gets the advantage of the front-end load once, but multiple site districts benefit again and again for each funding community. A concrete example of this can be seen by comparing two districts with almost identical average daily membership (ADM)-- Chugach, a multiple site district, and Skagway, a single site district.

The tables below compare FY '95 projected revenues for these two districts at the \$61,000 unit value and at the proposed \$59,855 unit value, and the tables compare state revenues with and without the single site supplemental funds. Comparisons exclude the area differential, a component of the formula intended to equalize dollars across the state.

The first table compares revenues generated solely from K-12 units. As can be noted, the single site district accrues substantially less revenues from K-12 units than does the multiple site district with comparable ADM.

FY '95 PROJECTIONS-- \$61,000 UNIT VALUE

<u>District</u>	<u>ADM</u>	<u>K-12 Revenue</u>
Chugach	133	\$1,381,040
Skagway	135	<u>915,000</u>
Difference		(\$ 466,040) (33.8%)

The next table shows the impact of the single site supplement based on the formula used for the last two years and contained in HB 267. Note that the single site district accrues substantially less K-12 revenues, even including the single site supplement.

FY '95 PROJECTIONS-- \$61,000 UNIT VALUE & SINGLE SITE SUPPLEMENT

<u>District</u>	<u>K-12 Revenue</u>	<u>Single Site Supplem't</u>	<u>Total</u>
Chugach	\$1,381,040	-0-	\$1,381,040
Skagway	\$ 915,000	\$ 109,800	<u>1,024,800</u>
Difference			(\$ 356,240) (25.8%)

The last table shows the impact of the proposed proration of the FY '95 unit value to \$59,855. This represents a reduction of 1.9% in the unit value. (For some city and borough districts, the reduction might slightly exceed 1.9% because of decreases that might occur in the local contribution and/or increases that might occur in the PL 874 deductible as a result of the decrease in the unit value.)

FY '95 PROJECTIONS-- \$59,855 UNIT VALUE vs \$61,000

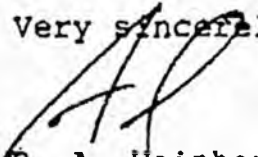
<u>District</u>	<u>K-12 Revenue @ \$61,000 w/ S S Supplem't</u>	<u>K-12 Revenue @ \$59,855 w/o S S Supplem't</u>	<u>Difference</u>
Chugach	\$1,381,040	\$1,355,117	(\$ 25,923) (1.9%)
Skagway	\$1,024,800	\$ 897,825	(\$126,975) (12.4%)

The obvious facts to be discerned from the tables above are:

1. By virtue of the front-end load in the formula, single site districts accrue substantially less K-12 revenues than do multiple site districts of comparable ADM;
2. In the event of a downward proration of the instructional unit value accompanied by a loss of single site supplemental funds, single site districts will suffer substantially greater decreases in state funding than will multiple site districts of comparable ADM.

Thus, HB 267 is essential to ensure the parity among districts that has been created in the past several years with supplemental appropriations to single site districts.

Very sincerely,


B. A. Weinberg, Chairperson
SINGLE SITE SCHOOL DISTRICT CONSORTIUM

SINGLE SITE

#2

This transcription is verbatim from the State Board of Education tapes, received from the Library for the Blind and Handicapped. During the middle of the discussion, where June Nelson is speaking, one tape ended and they started recording on a new tape. Subsequently, a portion of the discussion was lost during the changing of tapes.

I also reviewed the tape which I did here in the office, via teleconference. On this tape, I have the motion made by Stowell and only portions of the discussion. During this portion of the teleconference, the equipment which was being used at the Library for the Blind and Handicapped required Board members to hold down their microphone button in order for me to hear the conversation. Because Board members did not do this, I was unable to hear much of the discussion. I only have the portions which are in italics.

Patti The Board will be taking a position on the single site school districts funding issue.

Stowell I move that the State Board of Education support HB267, contingent upon appropriation of sufficient additional funds to implement it.

June And I will second the motion.

John Could Stowell explain what you just said.

Stowell This would establish a position where if it is passed with that contingency, no district would loose funds on account of the single site supplemental formula. That is the purpose of the motion, I can go into it in greater depth, but I don't think you want me to.

John I guess my question to Stowell is, are we doing anything by making this motion. If it is not going to take money away from other districts and there is no other money out there, then basically we are not really supporting it.

Stowell Well I think that we are lending a great deal of support by the State Board taking a position that we are in favor of that particular scenario that is outlined in HB267, but we also, I think, don't want to be in a position of appearing not to support those other districts that are out there that would loose money if in fact that comes out of the initial foundation formula.

June I think it does

(end of tape)

(beginning of next tape)

Post-It[®] brand fax transmittal memo 7671 # of pages 3

To <i>Al Weinberg</i>	From <i>Keonetta</i>
Co.	Co.
Dept.	Phone # <i>465-2802</i>
Fax #	Fax # <i>465 41570</i>

June ... politicians take care of it, this way we are saying that if the legislature allocates money we support it, and if they don't allocate money we are not crucified and not hurting any districts.

Patti They allocate a special amount of money, and not take it out of.

June And it is worded like that.

Patti Stowell would you read the motion again.

Stowell Let me pass it to you.

June It is worded - sufficient additional funds to implement it, appropriation of sufficient additional funds to implement it.

June Did Jeanette get this?

Stowell Yes.

Patti The key word here is additional funds.

Judy *Yes, I have been very torn on what to do about this. I like, I am going to support Stowell's motion because I do think it is important that the State Board of Education, even though I do not think, in this state, we are going to have all the money that we have had in the past, and most certainly will not cure all the educational ills, I do want fair and equitable funding for every district in the state. And I think that it depends on whether you are from a small or large district of whose perception is fair, and to me this is saying that yes we know that the single site districts do cost more to run and need the money, but I will say that if you are going to appropriate money for single sites, be sure you give money, you do not take it from the other districts. And so I am going to support Stowell's motion because of that.*

Patti Any other comments from Board members. Are you ready for the question?

Patti I would like a roll call vote on the motion, please Jeanette.

Patti Did you go home Jeanette?

Jeanette No I did not go home.

Patti I would like a roll call vote on the single site issue please.

Jeanette Ok.

Roger - yes

Don - yes

John - yes
Stowell - yes
Jane - yes
Judy - yes
Patti - yes

(Bob Walp and Beverly Ranney were not present.)

Jeanette Morton passes.



ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

326 Fourth Street • Suite 404 • Juneau, Alaska 99801-1101 • (907) 586-9702 • FAX (907) 586-5879

LEADERSHIP
FOR LEARNING

November 19, 1993

Representative Richard Foster
P.O. Box 1030
Nome, Alaska 99762

Dear Representative Foster,

I hope you have had a restful summer and fall and are looking forward to your return to Juneau for the next session of the Alaska Legislature.

As you the issue of school funding has been a topic of discussion by the Department of Education as a part of Alaska 2000. They had appointed a committee to take a critical look at the funding mechanism. They attempted to design an Alaska School Price Index to replace the Area Cost Differential as well as addressing the single site issue.

Unfortunately, the DOE's committee on school funding was not able to come to a conclusion and the design for their fix to the single site issue leaves several of the schools identified as single site, without to proper funding they have been receiving within the supplemental appropriations over the past several years.

Our organization, the Alaska Association of School Administrators, at their annual conference in October took action which supports your legislation which provides the necessary fix for the long term to the single site issue.

Your House Bill # 267 "An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in average daily membership; and providing for an effective date" provides for a permanent, fair, and equitable solution to this issue.

We offer any assistance we can provide to see that this piece of legislation is successful during the early days of the coming session.

We hope you will consider this legislation a priority by requesting hearings early in the coming session. Working together, we believe it will successfully pass both houses.

Your House Bill #267 will finally put this issue to rest.

Sincerely,

Stephen T. McPhetres
Executive Director



NEA-ALASKA

Affiliated with the National Education Association

February 16, 1994

TO: Representative Con Bunde, Chair
Members: House HESS Committee

FROM: Claudia Douglas, President
NEA-Alaska

RE: SS HB. 267; "An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in average daily membership; and providing for an effective date."

NEA-Alaska strongly supports and encourages your favorable consideration of SSHB 267, which will permanently "fix" the concern for single site funding. We urge you to support the formula presently in SS House Bill 267 "An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in average daily membership..."

A disparity has existed in the public school foundation formula relative to single site districts since Alaska instituted the Instructional Unit technique of funding in 1987-88. The result has been an inordinate financial burden on these communities and the reduction or elimination of critical programs and services. These districts have not been able to attain prior funding levels under the current formula.

These inequities in the formula with regard to small single-site school districts have been before the legislature each year since enactment of the present foundation formula. It is not fair that they have had to withstand additional legislative scrutiny relative to their basic needs under a funding formula that is supposed to treat all districts equitably.

For most years, under the present law, supplemental appropriations to small school districts have been passed. The formula in SSHB 267 is the same as that which has been appropriated for these 21 districts over the past two years.

We urge your early support for this legislation. It would be not only unfair, but irresponsible to place these single-site districts in another political game, as they

experienced last year. All children and communities of Alaska need to be treated fairly and with dignity; none need to be placed in a position of coming to Juneau to beg for equal funding.

All 21 districts are in accord with this proposal. Although the Department of Education has proposed other possible solutions, the State Board has indicated that they support single site funding if it is not prorated from other districts and based on full funding at the \$61,000 Instructional Unit.

The formula in SSHB 267 is supported by the Single Site School District Consortium, the Alaska Association of School Administrators and NEA-Alaska. We urge you to take a position in support of SSHB 267, a formula seen as resolving the single site schools' issue.

Thank you for consideration of our recommendation.



NEA-ALASKA

Affiliated with the National Education Association

#4

January 11, 1994

TO: State Board of Education
c/o Commissioner Jerry Cove

FROM: Claudia Douglas, President
NEA-Alaska

RE: Single-Site School Districts

Post-It™ brand fax transmittal me. to 7671		# of pages *
To	WANDA COOKSEY	From
Co.		Co.
Dept.		Phone #
Fax #		Fax #

From: DONN
 Co: NEA-AK
 Phone #: 586-3090

NEA-Alaska opposes any reduction in the funding of REAA's.

We understand the State Board of Education will consider a position on single site supplemental formula at its January 12 meeting in Anchorage. We support and urge you to support the formula presently before the Alaska Legislature in House Bill 267 "An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in average daily membership..."

Inequities in the formula with regard to small single-site school districts have been before the legislature each year since enactment of the present foundation formula. For most years, under the present law, supplemental appropriations to small school districts have been passed. The formula in HB 267 is the same as that which has been appropriated for these 21 districts over the past two years.

All 21 districts are in accord with this proposal. Although the Department of Education has proposed other possible solutions, the Commissioner has indicated he is not opposed to either the formula proposed at the rate of approximately \$3.4 million.

The formula in HB 267 is supported by the Single Site School District Consortium, the Alaska Association of School Administrators and NEA-Alaska. We urge you to take a position in support of HB 267, a formula seen as resolving the single site schools issue.

CITY OF DILLINGHAM
Dillingham, Alaska

RESOLUTION NO. 93-46
Support Single Site School Funding

A RESOLUTION OF THE COUNCIL OF THE CITY OF DILLINGHAM, ALASKA,
SUPPORTING ADEQUATE FUNDING FOR SINGLE SITE SCHOOL DISTRICTS.

WHEREAS, Article VII, Section I of the Constitution of the State of Alaska requires the state to establish and maintain a system of public schools open to all children of the state and the City of Dillingham believes that state funding should be appropriated to provide an equal education to all children of the state, and

WHEREAS, the present public school funding act was passed in the 1987 Legislative Session, and

WHEREAS, there was much discussion in Legislative hearings concerning the adequacy of the funding formula for small single site school districts of up to 1,000 (750, 525, 100-525) in enrollment, and

WHEREAS, no one was sure of the impact of the new formula on these districts and an appropriation of two million dollars was made to the State Department of Education to address unique and emergency circumstances substantiated by school districts to the Department, and

WHEREAS, subsequent fiscal year appropriations were made to the Department for specific school districts, the majority of which were single site school districts, and

WHEREAS, a review of testimony of HB126 (Chapter 91, SLA 1987), shows that the Legislature believes there is need for some adjustment in the foundation program for single site school districts and the passage of supplementals for FY88(2) 90, 91, 92 and 93 shows there is continuing need for additional support to single site districts, and

WHEREAS, there has been general agreement that single site districts as large as the Dillingham City School District need substantial adjustment, and

WHEREAS, the 4 mills property tax paid as required by State Law does not add revenue money to the single site school districts but offsets State moneys, and

WHEREAS, 4 mills of local contribution in fact subsidizes those districts larger than 1,000 student population and those districts where no contribution is required, and

Resolution No. 93-46

Page two

WHEREAS, the Dillingham School District has cut school programs, laid off personnel, increased the student/teacher ratio in the classrooms, and initiated fund raising programs to provide for the education of the children of Dillingham, and

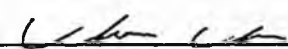
WHEREAS, in FY94 the City of Dillingham has contributed additional mills above the mandatory 4 mill contribution in an effort to provide only the most basic academic and social education for our children, now

THEREFORE, BE IT RESOLVED that the Dillingham City Council requests the Department of Education and the Alaska Legislature permanently revise the school foundation formula funding program to make sure the single site school districts of less than 1,000 students are adequately funded each year, and

FURTHER, BE IT RESOLVED that the City Council encourages the other municipalities in the state that are also single site school districts to join in our effort to secure adequate permanent funding for our schools.

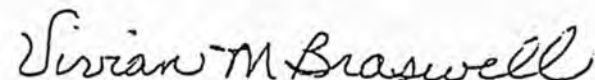
APPROVED AND ADOPTED this 18 day of November, 1993.

SEAL:

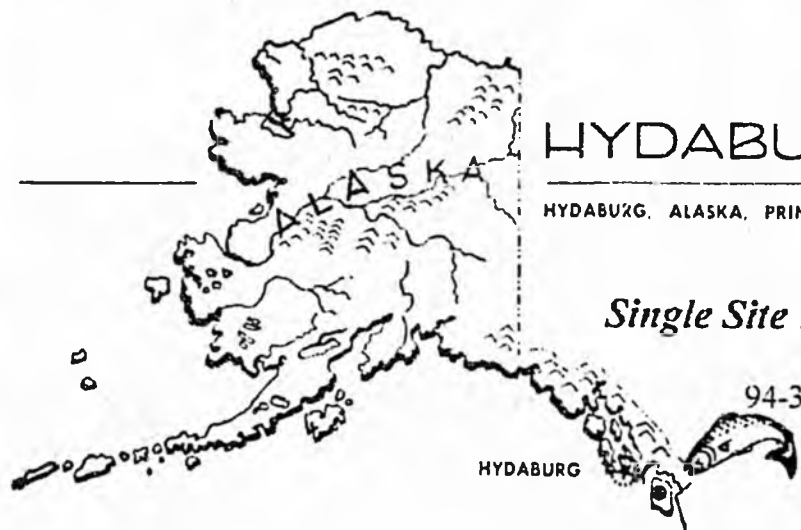


Thomas Tilden, Mayor

ATTEST:



Vivian M. Braswell, City Clerk



HYDABURG CITY SCHOOL

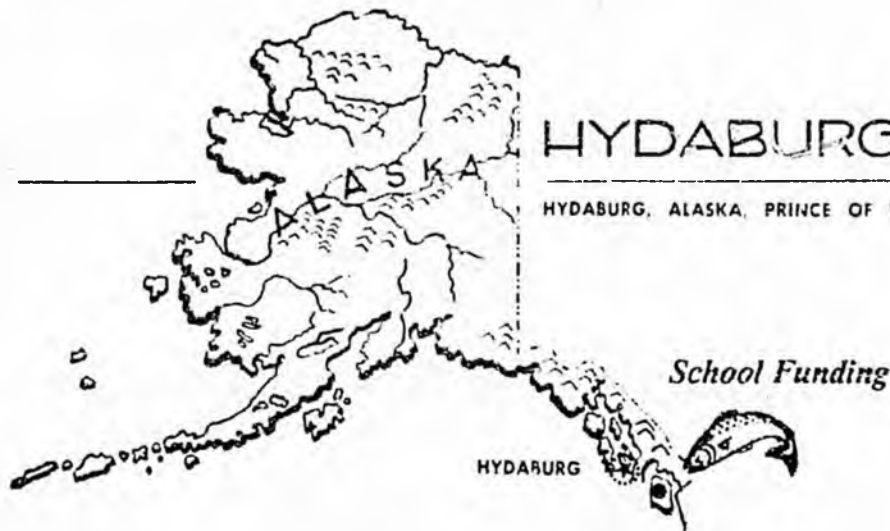
HYDABURG, ALASKA, PRINCE OF WALES ISLAND 99922

Single Site Funding

- Whereas:** The Hyدابург City School District recognizes the deficiencies within the State of Alaska funding formula, and
- Whereas:** The funding deficiencies have been confirmed by several studies, and
- Whereas:** Supplemental funds have been obtained for four out of the last five years, but no change has been made to the formula to fix the deficiencies, and
- Whereas:** The lack of assurances of funds, places a financial planning burden on the districts which has a negative impact upon children.
- Therefore**
Be It Resolved: That the Hyدابург City School District continues to support legislation which will resolve the inequities which exist in the current foundation formula.

Respectfully Submitted by the Hyدابург City School District

Adopted 2/17/94



HYDABURG CITY SCHOOL

HYDABURG, ALASKA, PRINCE OF WALES ISLAND 99922

We recognize the difficulties which are facing the legislature as a result of the declining oil revenues, but we hope that legislators will carefully consider the ramifications involved in the reduction of school funding. Children represent the future of our state. Less money means that schools will have to absorb the loss by reducing teachers, cutting services, curtailing improvement plans, and decreasing maintenance. Class sizes will grow, new improvements will slow, and children will have to get by on less.

Alaska 2000 represents a statewide effort to improve education. Schools have been criticized for years at both a state and national level, and they have responded in a massive effort to improve education. New standards are being set, restructuring is taking place in many districts, and we have seen a tremendous growth in the use of technology. Schools are looking at student outcomes, and redefining graduation requirements. We are getting away from the old 1950 educational model, and establishing systems that are preparing students for the future. Colossal changes are taking place in the districts across the state, and we are confident that the things which we are doing now will have a positive and lasting impact on the lives of children. If funding is cut, many of the improvements which we are working on will have to be placed in limbo, and many districts will have to go into a holding pattern until money becomes available. Successful businesses invest a great deal of their money in research, and development. They recognize that in order to survive, and prosper, they must continually improve their product. We must have the same philosophy in education. If you want a Cadillac, you can not expect to get it for the price of a motor scooter.

We have a great many plans for improvements in our district. If we lose funding on the instructional unit, and single site, we will not be able to provide the educational services that our children need. The inability to settle the funding issues early in the legislative session further complicates the problem. Careful educational planning is the key to providing innovative, and progressive programs. Many times we are forced to pink slip non-tenured teachers, and withhold important decisions until May or even June when the Governor finally signs a bill. We have lost good teachers that are difficult to replace, and spent additional money to train new staff members. We have squandered money to just get back to where we were in February.

We have the ability and the commitment to provide the quality educational system that is needed and demanded, but we need the money, and stability necessary to make it a reality. Its time to make children a priority, and take them out of the political arena.

POSITION PAPER: DEPARTMENT OF EDUCATION

Revised 2/01/94

Division School Finance Bill Number HB267(sponsor sub)

Bill Title An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in ADM; and providing an effective date.

Sponsor Representatives Foster, Mackie, Menard

This legislation proposes to give more state aid to public school districts that serve less than 800, K-12 students in a dense community, connected by road. The increase will result from a declining percentage increase in the number of K-12 instructional units as the districts, grouped by size, increase in average daily membership. This approach provides a significant difference in funding based on one student for a district at the break points between groups.

Without supplemental funding, the Governor's current budget proposal will short fund the foundation program in fiscal years 1994 and 1995. Based on projected enrollment, twenty two single site school districts will benefit from this legislation, prior to being pro-rated.

By design, single site districts generate less instructional units and less basic need than do the multiple site school districts of the same average daily membership (ADM). This is due to the minimum K-12 units, or front loading, earned by each additional funding community, within a multiple site district. This difference, or perceived inequity, can be resolved one of two ways: 1) amend the formula to reduce the effects of the front loading for multiple site school districts or 2) amend the formula to increase basic need for single site school districts. This bill proposes the latter.

Based on the districts that would benefit from this statutory change, it appears that when a district generates enough K-12 units it is not disadvantaged by the current formula. At some point economies of scale must fit the current formula, indicating that a greater need may exist in districts which earn the least instructional units. Although, this proposed formula is based on a declining percentage increase in the number of K-12 units, it in fact, awards a greater number of units and absolute dollars as district size increases.

The Board of Education does not support any increase to single site school districts, if that increase will result in a loss to any other school district. Although the Board acknowledged no inequity in the current formula, the Board did agree that contingent upon an appropriation of sufficient additional funds to implement the legislation, then it could support HB267.

APPROVED:

Director Deane F. Guiley Division SCHOOL FINANCE

Signature [Signature] Date 2/1/94

Commissioner/Deputy MIKE MATHER

Signature [Signature] Date 2/1/94

HOUSE COMMITTEE REPORT

(9) Date Referred: January 31, 1994 FURTHER REFERRALS: Finance

Date of Committee Action: 3/1/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: SSHB 267

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 267

REVISE FOUNDATION FORMULA, SMALL SCHOOLS

"An Act increasing elementary and secondary instructional units for certain school districts with 800 or fewer students in average daily membership; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with _____ 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 Education fiscal note(s) _____

zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Auley Olberg</i>	✓	<i>[Signature]</i>		✓	
<i>Vene Nicholas</i>	✓	<i>[Signature]</i>		✓	
<i>Tom Brice</i>	✓	<i>[Signature]</i>		✓	
		<i>[Signature]</i>		✓	

[Signature]
 CHAIRMAN'S SIGNATURE

As concerned parents, we are strong supporters of HB267. Small districts have very little leeway in adjusting their budget. Supplemental funding has been unpredictable and arrives after planning and hiring decisions already had to take place. Quality education costs money. Dedicated teachers, staffs, and parents cannot deliver without it. We see this bill as part of the solution in reaching our goals for the education of Alaska's children.

Marlene Cushing, Chair
Legislative Committee
Petersburg PTSA
Box 929
Petersburg, AK 99833

PETERSBURG CITY SCHOOL DISTRICT

Fact Sheet

Petersburg, a community of approximately 3,500, is located on Mitkof Island in S.E. Alaska and is accessible only by air, ferry and boat. The community has a long tradition of pride in its educational system. The following facts provide a glimpse of the Petersburg school district.

Enrollment

711 districtwide

- ◆ elementary, grades K-5 372
- ◆ middle school, grades 6-8 165
- ◆ high school, grades 9-12 174

Facilities

- ◆ Rae C. Stedman Elementary School (with community swimming pool,
- ◆ Petersburg Middle School/High School (with gym and auditorium)
- ◆ Vocational Education building
- ◆ community gym is also on the campus

School Board

- ◆ five member board
- ◆ adopted goals in areas of
 - 1) high expectations
 - 2) communications
 - 3) staff development
 - 4) at-risk students

Staff

- ◆ superintendent, two principals
- ◆ 51 teachers
- ◆ 34 other support personnel

Finances

- ◆ annual operating budget of \$4,639,647
- ◆ additional federal and state grants of approximately \$292,000
- ◆ 34% of total revenues are from local support

Other Success Indicators

- ◆ high school fully accredited since 1934
- ◆ K-12 attendance rate of 93%
- ◆ drop out rate 2.4%
- ◆ vandalism is nil
- ◆ 65% of graduating seniors pursue continuing education
- ◆ 1987 recipient of National Secondary Schools Recognition Program award
- ◆ participation in student activities 86%
- ◆ two National Merit Scholars