

SB

244

FISCAL NOTE

No. 2

Bill Version: CS SB 244(FIN)

(S) Publish Date: 4/11/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 4/11/96

Title: An act relating to state foundation aid and supplementary state aid for education

Sponsor: Rules Committee

Requester: Senate Finance Committee

Department Affected: Education

BRU: K-12

Component: Foundation

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	20.2	20.2	20.2	20.2	20.2	20.2
MISCELLANEOUS						
TOTAL OPERATING	20.2	20.2	20.2	20.2	20.2	20.2

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.2	20.2	20.2	20.2	20.2	20.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	20.2	20.2	20.2	20.2	20.2	20.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 311.7

ANALYSIS: (Attach a separate page if necessary.)

Refer to attached spreadsheet for fiscal impact of sections 1 and 2 of the legislation. Section 3 contains a hold-harmless provision which provides school districts with the same level of foundation revenue they were entitled to prior to implementation of this legislation.

Prepared by: Eddy Jeans, Project Assistant

Division: School Finance

Approved by Commissioner: Shirley J. Holloway

Agency: Education

Phone: 465-8685

Date: April 11, 1996

Shirley Holloway, Ph. D., Commissioner

Date: April 11, 1996

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

For further distribution information call the Governor's Legislative Office

ALASKA DEPARTMENT OF EDUCATION
 FY96 FOUNDATION PROGRA...
 CS SB244(FIN)

	Section 1 96% Impact Aid	Section 2 \$500 per Adj. Unit	Net Adjustment	Section 3 Hold Harmless
ADAK	0	0	0	0
ALASKA GATEWAY	(25,907)	45,040	19,133	0
ALEUTIAN REGION	(3,930)	5,005	1,075	0
ALEUTIANS EAST	0	0	0	0
ANCHORAGE	0	0	0	0
ANNETTE ISLANDS	(65,778)	22,795	(42,983)	42,983
BERING STRAIT	(258,696)	159,600	(99,096)	99,096
BRISTOL BAY	0	0	0	0
CHATHAM	(34,618)	26,840	(7,778)	7,778
CHUGACH	(10,227)	15,190	4,963	0
COPPER RIVER	(6,801)	45,935	39,134	0
CORDOVA	0	0	0	0
CRAIG	0	0	0	0
DELTA/GREELY	(51,764)	49,090	(2,674)	2,674
DENALI	0	0	0	0
DILLINGHAM	0	0	0	0
FAIRBANKS	0	0	0	0
GALENA	0	0	0	0
HAINES	0	0	0	0
HOONAH	0	0	0	0
HYDABURG	0	0	0	0
IDITAROD	(38,101)	47,895	9,794	0
JUNEAU	0	0	0	0
KAKE	0	0	0	0
KASHUNAMIUT	(27,656)	18,100	(9,556)	9,556
KENAI	0	0	0	0
KETCHIKAN	0	0	0	0
KLAWOCK	0	0	0	0
KODIAK	0	0	0	0
KUSPUK	(43,067)	46,345	3,278	0
LAKE AND PENINSULA	0	0	0	0
LOWER KUSKOKWIM	(304,641)	335,370	30,729	0
LOWER YUKON	(266)	138,310	(128,359)	128,359
MAT-SU	0	0	0	0
NENANA	0	0	0	0
NOME	0	0	0	0
NORTH SLOPE	0	0	0	0
NORTHWEST ARCTIC	0	0	0	0
PELICAN	0	0	0	0
PETERSBURG	0	0	0	0
PRIIBILOF	(21,162)	19,655	(1,507)	1,507
SITKA	0	0	0	0
SKAGWAY	0	0	0	0
SOUTHEAST	(27,339)	35,995	8,656	0
SOUTHWEST	(62,721)	61,195	(1,526)	1,526
ST. MARY'S	0	0	0	0
TANANA	0	0	0	0
UNALASKA	0	0	0	0
VALDEZ	0	0	0	0
WRANGELL	0	0	0	0
YAKUTAT	0	0	0	0
YUKON FLATS	(43,513)	53,700	10,187	0
YUKON/KOYUKUK	(57,362)	66,610	9,248	0
YUPIIT	(57,898)	39,705	(18,193)	18,193
TOTALS	(\$1,407,850)	\$1,232,375	(\$175,475)	\$311,672

	A	B	D
1	ALASKA DEPARTMENT OF EDUCATION		
2	PROJECTED FY97 FOUNDATION PROGRAM		
3	Revised based on CS SB244(FIN)		
4			
5		Section 1	Section 2
6		96%	\$500 per
7		Impact Aid	Adj. Unit
8			Net Change
9	ADAK	\$0	\$0
10	ALASKA GATEWAY	22,832	21,413
11	ALEUTIAN REGION	3,421	1,249
12	ALEUTIANS EAST	0	0
13	ANCHORAGE	0	0
14	ANNETTE ISLANDS	60,980	(38,455)
15	BERING STRAIT	207,308	(42,723)
16	BRISTOL BAY	0	0
17	CHATHAM	39,095	(11,735)
18	CHUGACH	7,513	7,587
19	COPPER RIVER	4,835	39,780
20	CORDOVA	0	0
21	CRAIG	0	0
22	DELTA/GREELY	53,771	(9,686)
23	DENALI	0	0
24	DILLINGHAM	0	0
25	FAIRBANKS	0	0
26	GALENA	0	0
27	HAINES	0	0
28	HOONAH	0	0
29	HYDABURG	0	0
30	IDITAROD	34,842	14,493
31	JUNEAU	0	0
32	KAKE	0	0
33	KASHUNAMIUT	16,294	1,941
34	KENAI	0	0
35	KETCHIKAN	0	0
36	KLAWOCK	0	0
37	KODIAK	0	0
38	KUSPUK	33,342	15,238
39	LAKE AND PENN.	0	0
40	LOWER KUSKOKWIM	276,742	71,343
41	LOWER YUKON	196,640	(58,925)
42	MAT-SU	0	0
43	NENANA	0	0
44	NOME	0	0
45	NORTH SLOPE	0	0
46	NORTHWEST ARCTIC	0	0
47	PELICAN	0	0
48	PETERSBURG	0	0
49	PRIBILOF	22,345	(3,110)
50	SITKA	0	0
51	SKAGWAY	0	0
52	SOUTHEAST	27,657	6,378
53	SOUTHWEST	64,586	(1,246)
54	ST. MARY'S	0	0
55	TANANA	0	0
56	UNALASKA	0	0
57	VALDEZ	0	0
58	WRANGELL	0	0
59	YAKUTAT	0	0
60	YUKON FLATS	37,919	11,956
61	YUKON/KOYUKUK	60,000	5,200
62	YUPIIT	51,899	(10,544)
63			
64	TOTALS	\$1,222,021	\$20,154

HOUSE COMMITTEE REPORT

(7)
Date Referred to Committee: April 17, 1996

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/30/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

CSSB 244(FIN) am

CS FOR SENATE BILL NO. 244(FIN) am

CALCULATION OF STATE AID TO EDUCATION

"An Act relating to transportation of public school students; relating to school construction grants; relating to state foundation aid and supplementary state aid for education; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CS SB244 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) DOE/4-11-96

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	

CHAIR'S SIGNATURE

[Signature]

HOUSE CS FOR CS FOR SENATE BILL NO. 244(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to school construction grants; relating to state foundation aid
2 and supplementary state aid for education; and providing for an effective date."

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

4 * Section 1. AS 14.11.013(a) is amended to read:

5 (a) With regard to projects for which grants are requested under AS 14.11.011,
6 the department shall

7 (i) annually review the six-year plans submitted by each district under
8 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital
9 improvement project grant schedule that serves the best interests of the state and each
10 district; in recommending projects for this schedule, the department shall verify that
11 each proposed project meets the criteria established under AS 14.11.014(b) and
12 qualifies as a project required to

13 (A) avert imminent danger or correct life-threatening situations;

14 (B) house students who would otherwise be unhoused; for

1 purposes of this subparagraph, students are considered unhoused if the
2 students attend school in temporary facilities and the district has a
3 population greater than 10,000;

4 (C) protect the structure of existing school facilities;

5 (D) correct building code deficiencies that require major repair
6 or rehabilitation in order for the facility to continue to be used for the
7 educational program;

8 (E) achieve an operating cost savings;

9 (F) modify or rehabilitate facilities for the purpose of improving
10 the instructional program;

11 (G) meet an educational need not specified in (A) - (F) of this
12 paragraph, identified by the department;

13 (2) prepare an estimate of the amount of money needed to finance each
14 project;

15 (3) provide to the governor, by November 1, and to the legislature
16 within the first 10 days of each regular legislative session, a revised and updated six-
17 year capital improvement project grant schedule, together with a proposed schedule of
18 appropriations.

19 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

20 Sec. 14.17.021. STATE FOUNDATION AID. (a) Beginning July 1, 1995,
21 the amount of state foundation aid for which a city or borough school district may
22 qualify in a fiscal year is calculated by subtracting from the basic need defined in (c)
23 of this section the required local contributions under AS 14.17.025(a) and 90 percent
24 of eligible federal impact aid for that fiscal year.

25 (b) Beginning July 1, 1995, the amount of state foundation aid for which a
26 regional educational attendance area may qualify in a fiscal year is calculated by
27 subtracting from the basic need defined in (c) of this section 96 percent of eligible
28 federal impact aid for that fiscal year.

29 (c) The basic need of a school district is determined by multiplying the area
30 cost differential of the district under AS 14.17.051 by the number of instructional units
31 in the district under AS 14.17.031 and then multiplying that product by the

1 instructional unit value in AS 14.17.056.

2 (d) The department may make adjustments to a district's state foundation aid
3 for a fiscal year to correct underpayments made in previous fiscal years.

4 * Sec. 3. AS 14.17 is amended by adding a new section to read:

5 Sec. 14.17.026. SUPPLEMENTARY STATE AID FOR REGIONAL
6 EDUCATIONAL ATTENDANCE AREAS. Beginning July 1, 1995, in addition to the
7 state foundation aid for which a regional educational attendance area may qualify
8 under AS 14.17.021(b), a regional educational attendance area may qualify for
9 supplementary state aid. The amount of supplementary state aid for which a regional
10 educational attendance area may qualify in a fiscal year is calculated by multiplying
11 the area cost differential of the regional educational attendance area under
12 AS 14.17.051 by the number of instructional units in the regional educational
13 attendance area determined under AS 14.17.031 and then multiplying that product by
14 a unit allotment of \$500.

15 * Sec. 4. TRANSITION. Notwithstanding the provisions of this Act, if, for fiscal year
16 1996, a city or borough school district or a regional educational attendance area would receive
17 less foundation aid under this Act than the city or borough school district or regional
18 educational attendance area would have received under AS 14.17 without enactment of this
19 Act, the school district or attendance area is eligible to receive foundation aid for fiscal year
20 1996 equal to the amount that would have been received under AS 14.17 without the
21 enactment of this Act.

22 * Sec. 5. Notwithstanding any other provision of law, AS 14.17 shall not be applied for
23 funding public education after June 30, 1997.

24 * Sec. 6. Sections 2 - 4 of this Act are retroactive to July 1, 1995.

25 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

**HOUSE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION**

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Introduced:

Referred:

A RESOLUTION

1 **Suspending Uniform Rules 24(c), 35, 41(b), and 42(e) of the Alaska State**
2 **Legislature concerning Senate Bill No. 244, relating to school construction grants**
3 **and state aid for education.**

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

5 That under Rule 54 of the Uniform Rules of the Alaska State Legislature, the
6 provisions of Rules 24(c), 35, 41(b), and 42(e) of the Uniform Rules, regarding changes to the
7 title of a bill, are suspended in consideration of Senate Bill No. 244, relating to school
8 construction grants and state aid for education.

TONY KNOWLES, GOVERNOR

DEPARTMENT OF EDUCATION
OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
301 WEST 10TH STREET, SUITE 200
JUNEAU, ALASKA 99801-1894
(907) 465-2800
FAX (907) 465-4156

FAX TRANSMITTAL INFORMATION SHEET

TO: DATE: 4/24 TIME: _____
NAME: Lynne
AGENCY/OFFICE: Rep Bundle / Rep Toohay's HESS
FAX PHONE NUMBER: 3759 Comte

COMMENTS: This is some backup
for SB-244. Please add to
committee member packets.
Thank you Kimberly

FROM: NAME: _____ Kimberly Homme, Special Assistant
OFFICE TELEPHONE NUMBER: (907) 465-2803
OFFICE FAX NUMBER: (907) 465-4156
FINANCIAL CODING (CC & LC): _____
NUMBER OF PAGES INCLUDING COVER SHEET: 4

DEPARTMENT OF EDUCATION
PUPIL TRANSPORTATION
4/24/96

THE FOLLOWING TABLE COMPARES ANCHORAGE SCHOOL DISTRICT TRANSPORTATION AT 100% OF ACTUAL AUDITED EXPENSES FOR FY95 FOR THE DISTRICT-OPERATED SYSTEM AS REPORTED TO THE DEPARTMENT IN THE DISTRICTS STATEMENT OF OPERATIONS THE NUMBERS OF STUDENTS TRANSPORTED AND DAILY MILES ARE AVERAGES COMPILED FROM MONTHLY TRANSPORTATION REPORTS SUBMITTED TO THE DEPARTMENT.

COST OF DISTRICT-OPERATED TRANSPORTATION IS HIGHER.

ANCHORAGE	FY95 COST	TOTAL ROUTE BUSES	AVERAGE DAILY COST PER BUS	STUDENTS TRANSPORTED DAILY	TOTAL DAILY MILES	ANNUAL COST PER STUDENT	APPROX. COST PER MILE
DISTRICT-OPERATED	\$5,801,243.82	81	\$409.26	6,079.56	3,136	\$954.22	\$10.57
CONTRACTED	\$5,228,172.98	158	\$189.08	10,180.66	5,939	\$513.54	\$5.03
TOTALS	\$11,029,416.80	239		16,260.22	9,075		

THIS TABLE COMPARES ANCHORAGE SCHOOL DISTRICT TRANSPORTATION USING THE CURRENT METHOD OF REIMBURSING THE DISTRICT-OPERATED PORTION AT 66.83% OF ACTUAL AUDITED EXPENSES.

COST OF DISTRICT-OPERATED TRANSPORTATION IS STILL HIGHER AFTER PERCENTAGE IS APPLIED.

ANCHORAGE	FY95 REIMBURSEMENT	TOTAL ROUTE BUSES	AVERAGE DAILY COST PER BUS	STUDENTS TRANSPORTED DAILY	TOTAL DAILY MILES	ANNUAL COST PER STUDENT	APPROX. COST PER MILE
DISTRICT-OPERATED	\$3,876,971.24	81	\$273.51	6,079.56	3,136	\$637.71	\$7.08
CONTRACTED	\$5,228,172.98	158	\$189.08	10,180.66	5,939	\$513.54	\$5.03
TOTALS	\$9,105,144.22	239		16,260.22	9,075		

TOTAL ROUTE BUSES INCLUDES BOTH REGULAR AND SPECIAL EDUCATION BUSES FOR WHICH THE DISTRICT RECEIVES STATE REIMBURSEMENT.

AVERAGE DAILY COST PER BUS IS BASED ON PROVIDING TRANSPORTATION 175 DAYS.

DEPARTMENT OF EDUCATION
PUPIL TRANSPORTATION
FY97 PROJECTION
UPDATED 4/24/96

ANCHORAGE DISTRICT-OPERATED TRANSPORTATION
REIMBURSED AT 100% OF AUDITED EXPENSES.

DISTRICT	FY97 PROJECTED ENTITLEMENT	Gov.'s Budget FY96 less 8% 84.02% Proration	Difference	Senate Finance FY96 Funding Level 91.33% Proration	Difference
ADAK	50.00	50.00	50.00	50.00	50.00
ALASKA GATEWAY	443,224.55	372,398.99	70,825.56	404,781.51	38,443.04
ALEUTIANS EAST	45,848.49	39,362.28	7,486.21	42,785.03	4,063.40
ANCHORAGE	12,280,315.00	10,317,968.41	1,962,346.59	11,215,182.97	1,065,132.03
ANNETTE ISLAND	22,011.00	18,483.73	3,517.27	20,101.88	1,909.12
BERING STRAITS	37,312.48	31,350.09	5,962.39	34,076.19	3,236.29
BRISTOL BAY	214,502.00	180,225.41	34,276.59	195,897.18	18,604.81
CHATHAM	15,173.14	12,748.53	2,424.61	13,837.10	1,316.04
COPPER RIVER	551,521.50	463,390.51	88,130.99	503,685.33	47,836.17
CORDOVA	56,636.35	47,586.08	9,050.27	51,724.00	4,912.35
CRAIG	17,426.45	14,641.77	2,784.68	15,914.97	1,511.48
DELTA/GREELY	902,423.61	758,219.82	144,203.78	824,151.98	78,271.63
DENALI	287,646.75	241,681.92	45,964.83	262,697.73	24,949.02
DILLINGHAM	313,004.13	262,987.28	50,016.84	285,855.74	27,148.38
FAIRBANKS	5,299,564.00	4,452,714.28	846,849.72	4,839,906.79	459,657.21
GALENA	37,038.62	31,118.99	5,918.63	33,826.07	3,212.54
HAINES	163,022.01	136,971.72	26,050.28	148,882.31	14,139.70
HOONAH	36,579.82	30,734.51	5,845.31	33,407.07	3,172.75
HYDABURG	3,840.46	3,310.79	629.67	3,598.69	341.78
IDITAROD	44,986.28	37,806.03	7,190.23	41,083.51	3,902.75
JUNEAU	1,365,794.55	1,147,545.89	218,248.66	1,247,332.48	118,462.07
KAKE	26,412.26	22,181.68	4,220.58	24,121.39	2,290.80
KASHUNAMIUT	2,939.80	2,470.03	469.77	2,684.81	254.98
KENAI PENINSULA	3,267,822.03	2,745,636.77	522,185.26	2,984,387.78	283,434.25
KETCHIKAN	843,932.30	709,076.20	134,857.10	770,333.91	73,199.39
KLAWOCK	7,251.99	6,101.55	1,160.44	6,632.12	629.87
KODIAK	705,612.95	592,858.75	112,754.21	644,411.88	61,201.28
KUSPUK	105,397.92	88,555.75	16,842.18	96,256.24	9,141.68
LAKE & PENINSULA	105,504.24	89,645.07	16,859.17	96,353.34	9,150.90
LOWER KUSKOKWIM	260,185.16	218,608.59	41,576.58	237,618.03	22,567.14
LOWER YUKON	24,378.28	20,482.72	3,895.55	22,263.83	2,114.45
MAT-SU	6,050,745.00	5,083,859.47	966,885.53	5,525,934.17	524,810.83
NENANA	88,606.36	74,447.41	14,158.95	80,921.10	7,685.26
NOME	203,712.63	171,160.14	32,552.49	186,043.63	17,669.00
NORTH SLOPE	365,032.46	306,701.70	58,330.77	333,371.41	31,661.06
PELICAN	1,633.64	1,372.59	261.05	1,491.95	141.69
PETERSBURG	120,959.05	101,630.26	19,328.79	110,467.68	10,491.37
SITKA	372,525.03	312,996.98	59,528.05	340,214.10	32,310.93
SKAGWAY	5,999.50	5,040.80	958.70	5,479.13	520.37
SOUTHEAST ISLAND	168,048.73	141,195.20	26,853.53	153,473.04	14,575.69
SOUTHWEST REGION	62,207.88	52,267.30	9,940.58	56,812.29	5,395.58
TANANA	8,563.34	7,194.85	1,368.39	7,820.60	742.74
UNALASKA	166,217.26	139,656.30	26,560.87	151,800.42	14,416.84
VALDEZ	293,381.75	246,500.49	46,881.26	267,935.31	25,446.44
WRANGELL	134,125.52	112,692.78	21,432.74	122,492.16	11,633.37
YAKUTAT	56,079.45	47,118.17	8,961.29	51,215.40	4,864.05
YUKON FLATS	64,281.23	54,009.34	10,271.89	58,705.81	5,575.43
YUKON KOYUKUK	110,742.29	93,046.10	17,696.19	101,137.07	9,605.22
GROWTH FACTOR*	200,000.00	168,040.78	31,959.22	182,653.02	17,346.98

TOTALS \$35,951,289.21 \$30,214,815.00 \$5,746,474.21 \$32,842,190.00 \$3,119,099.21

* GROWTH FACTOR IS AN ESTIMATED AMOUNT TO COVER ADDITIONAL COSTS DUE TO ENROLLMENT INCREASES AND POPULATION SHIFTS. PROJECTED ENTITLEMENTS INCLUDE NEW CONTRACTS
FAIRBANKS PROJECTED COST INCLUDES ONE NONPUBLIC BUS.

\$PTRANS971PROJ.XLS

52

DEPARTMENT OF EDUCATION
PUPIL TRANSPORTATION
FY97 PROJECTION
UPDATED 4/24/96

ANCHORAGE DISTRICT-OPERATED TRANSPORTATION
REIMBURSED USING THE CURRENT METHOD OF 66.83%
OF AUDITED EXPENSES.

DISTRICT	FY97 PROJECTED ENTITLEMENT	Gov.'s Budget FY96 less 8% 88.05% Proration	Difference	Senate Finance FY96 Funding Level 96.68% Proration	Difference
ADAK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ALASKA GATEWAY	443,224.55	394,236.49	48,988.06	428,517.92	14,706.63
ALEUTIANS EAST	46,848.49	41,670.49	5,178.00	45,284.01	1,564.48
ANCHORAGE	10,208,352.00	0,161,216.22	1,137,135.68	9,946,974.19	341,377.81
ANNETTE ISLAND	22,011.00	19,578.20	2,432.80	21,280.65	730.35
BERING STRAITS	37,312.48	33,188.46	4,124.02	36,074.41	1,238.07
BRISTOL BAY	214,502.00	190,793.84	23,708.16	207,384.61	7,117.39
CHATHAM	15,173.14	13,486.10	1,577.03	14,669.68	503.46
COPPER RIVER	551,521.50	490,563.75	60,957.75	533,221.46	18,300.03
CORDOVA	56,636.25	50,376.53	6,259.82	54,757.10	1,879.25
CRAIG	17,426.45	15,500.37	1,926.08	16,848.22	578.23
DELTA/GREELY	902,423.61	802,681.87	99,741.74	872,480.29	29,943.32
DENALI	287,646.75	255,854.18	31,792.58	278,102.24	9,544.41
DILLINGHAM	313,004.13	278,408.87	34,595.25	302,618.34	10,385.79
FAIRBANKS	5,299,564.00	4,713,821.67	585,742.33	5,123,719.17	175,844.83
GALENA	37,038.62	32,944.87	4,093.75	35,809.64	1,228.98
HAINES	163,022.01	145,003.75	18,018.25	157,612.77	5,409.23
HOONAH	36,579.82	32,536.78	4,043.04	35,366.06	1,213.75
HYDABURG	3,940.46	3,504.94	435.53	3,809.71	130.75
IDITAROD	44,996.26	40,022.98	4,973.28	43,503.24	1,493.02
JUNEAU	1,365,794.55	1,214,838.04	150,956.51	1,320,476.12	45,318.43
KAKE	26,412.26	23,493.00	2,919.25	25,535.87	876.39
KASHUNAMIUT	2,939.80	2,614.87	324.93	2,842.25	97.55
KENAI PENINSULA	3,267,822.03	2,906,641.05	361,180.98	3,159,392.42	108,429.60
KETCHIKAN	843,932.30	750,655.41	93,276.90	815,929.78	28,002.52
KLAWOCK	7,261.99	6,459.35	802.64	7,021.03	240.96
KODIAK	705,612.95	627,824.01	77,988.94	682,200.01	23,412.94
KUSPUK	105,397.92	93,748.66	11,649.27	101,900.72	3,497.21
LAKE & PENINSULA	105,504.24	93,843.23	11,661.02	102,003.50	3,500.74
LOWER KUSKOKWIM	260,185.16	231,427.80	28,757.36	251,551.96	8,622.20
LOWER YUKON	24,378.28	21,683.83	2,694.45	23,569.38	808.90
MAT-SU	6,050,745.00	5,381,877.25	668,767.75	5,849,975.23	200,769.77
NENANA	88,606.36	78,813.01	9,793.35	85,666.31	2,940.05
NOME	203,712.63	181,196.98	22,515.65	186,953.24	6,759.39
NORTH SLOPE	365,032.48	324,686.70	40,345.77	352,920.32	12,112.14
PELICAN	1,633.64	1,453.08	180.56	1,579.44	54.21
PETERSBURG	120,959.05	107,569.87	13,389.18	116,945.51	4,013.54
SITKA	372,525.03	331,351.14	41,173.89	360,164.28	12,360.75
SKAGWAY	5,999.50	5,338.40	663.10	5,800.43	199.07
SOUTHEAST ISLAND	168,048.73	149,474.89	18,573.84	162,472.70	5,576.02
SOUTHWEST REGION	62,207.84	55,332.26	6,875.62	60,143.76	2,064.12
TANANA	8,583.34	7,616.86	946.48	8,279.20	284.14
UNALASKA	166,217.26	147,845.84	18,371.41	160,702.00	5,515.25
VALDEZ	293,381.75	260,955.29	32,426.46	283,647.05	9,734.70
WRANGELL	134,125.52	119,301.09	14,824.43	129,675.10	4,450.42
YAKUTAT	56,079.45	49,881.18	6,198.27	54,218.67	1,860.77
YUKON FLATS	64,281.23	57,176.45	7,104.78	62,148.32	2,132.92
YUKON/KOYUKUK	110,742.29	98,502.33	12,239.96	107,067.75	3,674.54
GROWTH FACTOR*	200,000.00	177,894.70	22,105.30	193,363.80	6,636.20
TOTALS	\$33,968,326.21	\$30,214,815.00	\$3,754,511.21	\$32,842,190.00	\$1,127,136.21

* GROWTH FACTOR IS AN ESTIMATED AMOUNT TO COVER ADDITIONAL COSTS DUE TO ENROLLMENT INCREASES AND POPULATION SHIFTS. PROJECTED ENTITLEMENTS INCLUDE NEW CONTRACTS.
FAIRBANKS PROJECTED COST INCLUDES ONE NONPUBLIC BUS



Lawrence A. Wiget, Ed.D.
 Director, Government Relations/Legislative Liaison
 Anchorage School District
 4600 Debarr Road
 Anchorage, Alaska 99519-6614
 (W) 907 269-2255 (FAX) 907 269-2340

TO: Representative Con Bunde
 Representative Norm Rokeberg
 Representative Cynthia Toohey

Subject: Proposed Pupil-Transportation Amendment to CS FOR No.
 SB 244 (FIN) am

Date: April 23, 1996

The Anchorage School District strongly opposes the following amendment to CS for Senate Bill No. 244 (FIN) am which passed in HHESS this afternoon:

On page 1, Amend line 10 to read:
 shall provide the same daily cost [level of] reimbursement per bus for transportation provided on a

This amendment would result, in the words of DOE's attached fiscal note, "in reduced reimbursement to the Anchorage School District and a net savings to the state general fund.

The original intent of adding pupil transportation to SB 244 was to rectify an inequity in transportation reimbursement to the Anchorage School District which has been occurring throughout the past decade.

We strongly urge that the following language be substituted for the above-mentioned amendment.

On page 1, Amend line 10 and 11 to read as follows:

shall reimburse school districts for district operated pupil transportation routes 100%, less 50% for hazardous [provide the same daily cost reimbursement per bus] for transportation provided on

The Anchorage School District has been diligent in reducing costs for district operated services. During the past several years, the cost of contracted transportation has been rising at a higher rate than District operated Services.

2

The current language in the bill regarding pupil transportation does not correct past or current inequities and is unacceptable to the Anchorage School District.

We do not believe that is the intent of the Anchorage Caucus to further reduce pupil transportation funding to the Anchorage School District. Please rectify the problem.

Steve Kalmes, director of pupil transportation, will be more than happy to talk with each of you regarding this issue. He can be reached at 563-3022.

We are also prepared to testify on this issue before the Legislature if it should be necessary.

Thank you!

FISCAL NOTE

BILL NO. GSSB 244 (FIN) am.

STATE OF ALASKA

1996 LEGISLATIVE SESSION

Revision Date: 4/23/96

Department Affected: Education

Title: An Act relating to state foundation aid and supplementary state aid for education; transportation of public school students; school construction grants

Component: Pupil Transportation

Sponsor: Senate Rules Committee by Request

Requester: House HESS Committee

COMPONENT SERIAL NO. 144

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3
MISCELLANEOUS						
TOTAL OPERATING	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3

CAPITAL EXPENDITURES	0.0					
-----------------------------	------------	--	--	--	--	--

CHANGE IN REVENUES	0.0					
---------------------------	------------	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3
1005 GF/Program Receipts						
1006 GP/MHTIA						
Other						
TOTAL	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year (FY96) impact: \$ 2,050,243

ANALYSIS: (Attach a separate page if necessary.)

The fiscal impact noted above is based on the assumption that Anchorage district-operated pupil transportation would be reimbursed at 100%, instead of the current 66.83%. An inflation factor of 2% is added to subsequent years.

Another interpretation of the language of this amendment is that the district-operated school buses will be reimbursed at the same daily rate established by pupil transportation contracts in the school district. This interpretation would result in reduced reimbursement to Anchorage School District and a net savings to the state general fund.

The effective date of the bill will cause a proration of pupil transportation in FY96.

Prepared by: Bill Wright, Pupil Transportation Administrator

Phone: 465-8687

Division: School Finance

Date: 4/23/96

Approved by Commissioner: [Signature]

Richard S. Cross, Deputy Commissioner

Agency: Education

Date: 4/23/96

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

For further distribution information call the Governor's Legislative Office

*Alaska Department of Education
Sectional Analysis for Foundation Formula Legislation*

SB 244: "An Act relating to state foundation aid and supplementary state aid for education; relating to transportation of public school students; relating to school construction grants; and providing for an effective date."

Section 1. Section 1 requires the department to reimburse district operated transportation services at the same level as contracted transportation services.

Section 2. Section 2 establishes in statute the department's policy which considers students in temporary facilities as "unhoused" students for the purposes of evaluating capital improvement projects.

Section 3. Section 3 of the bill would amend AS 14.17.021 by adding a new subsection applicable only to regional educational attendance areas (REAs). In calculating state foundation aid for REAs, 96% of eligible federal impact aid will be deducted from basic need. Calculation of foundation aid for city and borough school districts will remain unchanged, with 90% of eligible impact aid deducted. The 96% deduction for REAs recognizes that no required local contribution is deducted from REAs' basic need. The savings to the state, which results from the increased impact aid deduction, will cover the majority of the cost to implement the supplementary aid to REAs set out in section 4 of this bill.

Section 4. Subsection (a) creates a new section of statute to provide supplementary aid to REAs based on a flat rate per adjusted instructional unit. The flat rate is referred to as the unit allotment. Initially the unit allotment is set at \$500.00 per adjusted unit. This amount will increase the value of the adjusted units in REAs so that disparity of revenues between the 5% and 95% percentiles of districts will be 20%, the maximum allowable under the new federal impact aid statutes.

Section 5. Section 5 contains transition language, or a "hold-harmless" provision, which provides school districts with the same level of foundation revenue they were entitled to prior to implementation of this legislation.

Section 6. AS 14.17, the foundation program, shall not be applied for funding public education after June 30, 1997.

Section 7. Establishes a July 1, 1995 effective date for sections 3-5.

Section 8. The legislation takes effect immediately after receiving the Governor's signature.

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB244(FIN) am

1996 LEGISLATIVE SESSION

Revision Date: 4/23/96

Department Affected: Education

Title: An act relating to state foundation aid and

BRU: K-12

supplementary state aid for education: school construction

grants: transportation of public school students

Component: Foundation

Sponsor: Rules Committee by Request

Requester: House HESS Committee

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	20.2	20.2	20.2	20.2	20.2	20.2
MISCELLANEOUS						
TOTAL OPERATING	20.2	20.2	20.2	20.2	20.2	20.2

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.2	20.2	20.2	20.2	20.2	20.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	20.2	20.2	20.2	20.2	20.2	20.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 311.7

ANALYSIS: (Attach a separate page if necessary.)

Refer to attached spreadsheet for fiscal impact of sections 3 and 4 of the legislation. Section 5 contains a hold-harmless provision which provides school districts with the same level of foundation revenue they were entitled to prior to implementation of this legislation.

Prepared by: Eddy Jeans, Project Assistant

Phone: 465-8685

Division: School Finance

Date: April 23, 1996

Approved by Commissioner: 

Richard S. Cross, Deputy Commissioner

Agency: Education

Date: April 23, 1996

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

For further distribution information call the Governor's Legislative Office

ALASKA DEPARTMENT OF EDUCATION
 FY96 FOUNDATION PROGRAM
 CS SB244(FIN) am

	Section 3 96% Impact Aid	Section 4 \$500 per Adj. Unit	Net Adjustment	Section 5 Hold Harmless
ADAK	0	0	0	0
ALASKA GATEWAY	(25,907)	45,040	19,133	0
ALEUTIAN REGION	(3,930)	5,005	1,075	0
ALEUTIANS EAST	0	0	0	0
ANCHORAGE	0	0	0	0
ANNETTE ISLANDS	(65,778)	22,795	(42,983)	42,983
BERING STRAIT	(258,696)	159,600	(99,096)	99,096
BRISTOL BAY	0	0	0	0
CHATHAM	(34,618)	26,840	(7,778)	7,778
CHUGACH	(10,227)	15,190	4,963	0
COPPER RIVER	(6,801)	45,935	39,134	0
CORDOVA	0	0	0	0
CRAIG	0	0	0	0
DELTA/GREELY	(51,764)	49,090	(2,674)	2,674
DENALI	0	0	0	0
DILLINGHAM	0	0	0	0
FAIRBANKS	0	0	0	0
GALENA	0	0	0	0
HAINES	0	0	0	0
HOONAH	0	0	0	0
HYDABURG	0	0	0	0
IDITAROD	(38,101)	47,895	9,794	0
JUNEAU	0	0	0	0
KAKE	0	0	0	0
KASHUNAMIUT	(27,656)	18,100	(9,556)	9,556
KENAI	0	0	0	0
KETCHIKAN	0	0	0	0
KLAWOCK	0	0	0	0
KODIAK	0	0	0	0
KUSPUK	(43,067)	46,345	3,278	0
LAKE AND PENINSULA	0	0	0	0
LOWER KUSKOKWIM	(30,641)	335,370	30,729	0
LOWER YUKON	(26,669)	138,310	(128,359)	128,359
MAT-SU	0	0	0	0
NENANA	0	0	0	0
NOME	0	0	0	0
NORTH SLOPE	0	0	0	0
NORTHWEST ARCTIC	0	0	0	0
PELICAN	0	0	0	0
PETERSBURG	0	0	0	0
PRIBILOF	(21,162)	19,655	(1,507)	1,507
SITKA	0	0	0	0
SKAGWAY	0	0	0	0
SOUTHEAST	(27,339)	35,995	8,656	0
SOUTHWEST	(62,721)	61,195	(1,526)	1,526
ST. MARY'S	0	0	0	0
TANANA	0	0	0	0
UNALASKA	0	0	0	0
VALDEZ	0	0	0	0
WRANGELL	0	0	0	0
YAKUTAT	0	0	0	0
YUKON FLATS	(43,513)	53,700	10,187	0
YUKON/KOYUKUK	(57,362)	66,610	9,248	0
YUPIIT	(57,898)	39,705	(18,193)	18,193
TOTALS	(\$1,407,850)	\$1,232,375	(\$175,475)	\$311,672

	A	B	C	D
1	ALASKA DEPARTMENT OF EDUCATION			
2	PROJECTED FY97 FOUNDATION PROGRAM			
3	Revised based on CS SB244(FIN) am			
4				
5				
6		Section 3	Section 4	
7		96%	\$500 per	Net
8		Impact Aid	Adj. Unit	Change
9	ADAK	\$0	\$0	\$0
10	ALASKA GATEWAY	22,832	44,245	21,413
11	ALEUTIAN REGION	3,421	4,670	1,249
12	ALEUTIANS EAST	0	0	0
13	ANCHORAGE	0	0	0
14	ANNETTE ISLANDS	60,980	22,525	(38,455)
15	BERING STRAIT	207,308	164,585	(42,723)
16	BRISTOL BAY	0	0	0
17	CHATHAM	39,095	27,360	(11,735)
18	CHUGACH	7,513	15,100	7,587
19	COPPER RIVER	4,835	44,615	39,780
20	CORDOVA	0	0	0
21	CRAIG	0	0	0
22	DELTA/GREELY	53,771	44,085	(9,686)
23	DENALI	0	0	0
24	DILLINGHAM	0	0	0
25	FAIRBANKS	0	0	0
26	GALENA	0	0	0
27	HAINES	0	0	0
28	HOONAH	0	0	0
29	HYDABURG	0	0	0
30	IDITAROD	34,842	49,335	14,493
31	JUNEAU	0	0	0
32	KAKE	0	0	0
33	KASHUNAMIUT	16,294	18,235	1,941
34	KENAI	0	0	0
35	KETCHIKAN	0	0	0
36	KLAWOCK	0	0	0
37	KODIAK	0	0	0
38	KUSPUK	33,342	48,580	15,238
39	LAKE AND PENN.	0	0	0
40	LOWER KUSKOKWIM	276,742	348,085	71,343
41	LOWER YUKON	196,640	137,715	(58,925)
42	MAT-SU	0	0	0
43	NENANA	0	0	0
44	NOME	0	0	0
45	NORTH SLOPE	0	0	0
46	NORTHWEST ARCTIC	0	0	0
47	PELICAN	0	0	0
48	PETERSBURG	0	0	0
49	PRIBILOF	22,345	19,235	(3,110)
50	SITKA	0	0	0
51	SKAGWAY	0	0	0
52	SOUTHEAST	27,657	34,035	6,378
53	SOUTHWEST	64,586	63,340	(1,246)
54	ST. MARY'S	0	0	0
55	TANANA	0	0	0
56	UNALASKA	0	0	0
57	VALDEZ	0	0	0
58	WRANGELL	0	0	0
59	YAKUTAT	0	0	0
60	YUKON FLATS	37,919	49,875	11,956
61	YUKON/KOYUKUK	60,000	65,200	5,200
62	YUPIIT	51,899	41,355	(10,544)
63				
64	TOTALS	\$1,222,021	\$1,242,175	\$20,154

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 244 (FIN) am

1996 LEGISLATIVE SESSION

Revision Date: 4/23/96

Department Affected: Education

Title: An Act relating to state foundation aid and supplementary state aid for education: transportation of public school students: school construction grants

Component: Pupil Transportation

Sponsor: Senate Rules Committee by Request

Requester: House HESS Committee

COMPONENT SERIAL NO. 144

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3
MISCELLANEOUS						
TOTAL OPERATING	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3

CAPITAL EXPENDITURES	0.0					
-----------------------------	-----	--	--	--	--	--

CHANGE IN REVENUES	0.0					
---------------------------	-----	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	\$1,992.0	\$2,031.8	\$2,072.5	\$2,113.9	\$2,156.2	\$2,199.3

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year (FY96) impact: \$ 2,050,243

ANALYSIS: (Attach a separate page if necessary.)

The fiscal impact noted above is based on the assumption that Anchorage district-operated pupil transportation would be reimbursed at 100%, instead of the current 66.83%. An inflation factor of 2% is added to subsequent years.

Another interpretation of the language of this amendment is that the district-operated school buses will be reimbursed at the same daily rate established by pupil transportation contracts in the school district. This interpretation would result in reduced reimbursement to Anchorage School District and a net savings to the state general fund.

The effective date of the bill will cause a proration of pupil transportation in FY96.

Prepared by: <u>Bill Wright, Pupil Transportation Administrator</u>	Phone: <u>465-8687</u>
Division: <u>School Finance</u>	Date: <u>4/23/96</u>
Approved by Commissioner:	Richard S. Cross, Deputy Commissioner
Agency: <u>Education</u>	Date: <u>4/23/96</u>

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

For further distribution information call the Governor's Legislative Office

Amendment

#2

Passed

CS for SB 244(FIN) am

On page 1, Amend line 10 to read:
shall provide the same daily cost [level of] reimbursement per bus
for transportation provided on a



Anchorage School District

4600 DeBar Road
P O Box 196614
Anchorage Alaska 99510-6614
(907) 333-9581

SCHOOL BOARD

Peggy Robinson-Wilson
President

Lorraine M Ferrell
Vice President

Hamel A. Drummond
Clerk

Pam Higgins
Treasurer

Kathi G. Mascio

Kelly Haney

Debbie Osterder
Past President

SUPERINTENDENT

Bob Christal

March 13, 1996

The Honorable Shirley Holloway
Commissioner of Education
State of Alaska Department of Education
Goldbelt Place
801 West 10th Street
Juneau, Alaska 99811

Dear Commissioner Holloway:

The Anchorage School District formally requests the current method of reimbursement from the State for Anchorage's district-operated pupil transportation program be reviewed. The Anchorage School District provides pupils with home-to-school transportation, special education transportation, and extracurricular activity transportation. The District's Pupil Transportation Department operates and maintains buses, administers contracts with private companies providing pupil transportation, and provides crossing guard service with the aim of ensuring the District's students are able to safely attend school and school-related activities.

Our request for reconsideration of the reimbursement rate for district-operated transportation services is based on the following factors.

- Inequities still exist in the way statewide reimbursement of pupil transportation expenditures are made.
- Cost for contracted services does not include the cost of the District to administer the contract. The District plans and schedules the routes for the contractor. The District's safety officers also provide services to the contractor. In addition, the District pays for the advertising of routes each fall and for the annual Pupil Transportation audit.
- A comparison of the daily cost per pupil per live mile driven between FY 1990-91 to FY 1994-95 indicates a

significant closing of the gap between district-operated pupil transportation and contracted services when costs are adjusted to more accurately reflect district operational costs to contracted service costs.

- The District has made a good faith effort to reduce operating costs by reducing and freezing salaries for drivers and attendants. Efforts have also been made to increase efficiencies.

Inequities

The current method of reimbursement from the State for our district-operated pupil transportation program is to apply a factor of 66.83% to the District's audited statement of services. The way this factor was derived has never been clear to us, however, the January 31, 1991 legislative audit report of the Department of Education Pupil Transportation Department, states:

"...DOE has paid ASD only two-thirds of its actual costs of operations. According to the program coordinator this ratio was essentially lifted out of midair by DOE officials. Basing payments of the State's largest pupil transportation recipient on a vague estimate points out the weaknesses of the program's current regulatory structure."

This same audit highlighted a variety of circumstances where varied approaches adopted by different school districts resulted in an inequitable distribution of pupil transportation funds. For instance, the unequal treatment of hazardous routes was brought forth in the audit. One district with designated hazardous routes transported over 400 pupils living within 1.5 miles from their school but did not reduce their reimbursement request to reflect these transportation costs yet another school district which also transported 400 pupils within 1.5 miles from their school was required to make adjustments for hazardous routes. The Department of Education responded to the legislative audit by stating:

"Regulations allow for variation in the calculation of reductions of reimbursement for the cost of transporting students who live within 1 1/2 miles of school. "

The auditors replied:

"In our view, districts have been allowed to stretch this regulatory discretion to the extent that there is unequal treatment of districts."

We conducted a recent telephone survey of various school districts throughout the State of Alaska. It was evident that these regulatory discretions were still continuing.

The Department of Education regulation 4 AAC 27.060 (a) states in part:

"Subject to the availability of funds, districts will be reimbursed for the cost of all approved regular routes, special education routes, other conveyance routes, and in-lieu-of-agreements."

Further, in paragraph (e), the regulation states:

"If funds allocated for pupil transportation reimbursement are insufficient to provide full reimbursement under this section, the funds that are available shall be prorated among the districts."

The Anchorage School District's interpretation of this regulation is that the Department of Education is required to reimburse all school districts for the entire cost of pupil transportation services of approved routes, etc. If the amount of appropriation is not adequate to meet the reimbursement needs for all districts' pupil transportation services, the Department of Education must prorate the appropriated costs, both district-operated and contracted statewide. Neither the Department of Education's regulations or state statutes explicitly provides that the Department of Education may

impose a ceiling on reimbursement for district-operated pupil transportation services.

Costs

A comparison is often made between the current daily rate per route for district-operated school buses to current contracted rates for regular and special education buses. This is not a fair comparison since the district-operated daily rate includes many costs which are not comparable to contracted rates. For instance, the costs for crossing guards, advertisement of routes, audits, data processing for scheduling, and administration of contracted services are included in the total cost for district-operated transportation. In addition, the contractors cost is reduced by deducts for hazardous routes and kindergarten routes. These deducts are borne by the District.

The differences in terrain, student concentrations, the existence of deadhead mileage, the mix of regular routes and special education routes, and other similar factors causes the cost of operations to vary greatly within the same school district whether the routes are district-operated or contracted. Therefore, the question arises: Which contracted rate is being compared to the district-operated daily rate per route?

In addition, the reimbursement percentage does not reflect the District's actual costs and appears to have been established without a reasonable correlation to what a contractor might charge to duplicate the District's provided service. The District recognizes that there is a difference in wages and benefits provided to employees under the collective bargaining agreement as compared to the packages offered by private bus contractors. However, wage differentials should be considered with profit margins. From a theoretical point, if the contractor were to forego the related profit margin on a contract, more cash would be available to increase hourly wage rates for contract drivers and attendants. Therefore, wage rates are not the only factor to consider. Time and mileage are also key considerations. It should be noted that recent requests for proposals by other school districts in the state

have resulted in bids from contractors for services beginning in FY 1996-97 that are significantly higher (15%) than their previous contracts. We believe this has resulted from the lack of competition from contractors in the state capable of handling larger contracts.

The attached schedule (attachment A) reflects the adjustments made allocating District staff time and other expenses to district-operated services and contracted services.

Daily Cost Per Pupil Per Live Mile Driven

The difference in costs between the district-operated operations and contracted operations is explained by the different rates of driver and attendant compensation. We predicted in 1991 that much of this difference would disappear over the coming years as the minimum wage requirements of the State become applicable. According to the data compiled in FY 1990-91, the daily cost per pupil per live mile on regular routes ranged from \$0.042 to \$0.140 for contracted routes and \$0.09 for district-operated routes. At that time, only one service area on contract had a higher rate than the District. The FY 1994-95 data (attachment B) indicated the daily cost per pupil per live mile on regular routes increased to the range between \$0.051 and \$0.128 for contracted and \$0.100 for district-operated routes with two service areas on contract that were at a higher rate than the District. Overall, this trend indicates that the rate for the Anchorage School District operated routes increased in daily cost by 2 percent while daily costs for contracted routes increased by as much as 22 percent over this five year period.

Reduction of Costs and Increase in Efficiencies

The Anchorage School District has made a good faith effort to reduce operating costs and increase efficiencies in delivering services.

- Wages for drivers and attendants had been reduced and virtually frozen from 1987 through 1995. The only funds put into the bargaining group between

1990-91 and 1994-95 were bonuses for safety and attendance.

- The overall cost for drivers decreased with the attrition of senior staff.
- New drivers were compensated at a lower rate in a two-tiered wage scale until the most recent contract which went into effect for FY 1995-96.
- There has been low turnover among District employees compared to contractors.
- There is a much higher building principal satisfaction with district-operated buses.
- The District's contribution to the Drivers Pension Trust Fund was reduced by 50% beginning July 1, 1987.

Meanwhile, drivers for contracted services have received increases in their wages due to the minimum wage requirement passed by the State. Commercial drivers licenses were also required by April of 1992. This has impacted our contract that went into effect last year. The differences between the District's operating costs and the cost of contracted services has shrunk considerably since 1986 when the 66.83% reimbursement factor was imposed by the State. Contracted costs have increased 65 percent since FY 1990-91 for an average annual increase of 10.9 percent while District cost (less contracted cost) have increased only 16 percent for an average increase of 2.6 percent per year.

<u>Fiscal Year</u>	<u>Contracted Cost</u>	<u>Percent Increase</u>	<u>Daily Avg. # of Students</u>	<u>Percent Increase</u>	<u># of Routes</u>	<u>Percent Increase</u>
1990-91	\$ 3,859,967		10,042		136	
1991-92	4,392,454	13.8%	10,606	5.6%	158	16.2%
1992-93	4,874,134	11.0	10,815	2.0	155	5.4
1993-94	5,375,475	10.3	11,585	7.1	157	1.3
1994-95	5,758,386	7.1	10,786	(6.9)	154	0.6
1995-96	6,375,000*	10.7	9,909	(8.1)	162	2.5

* Budgeted

In contrast, overall District costs, less contracted transportation costs have not increased at the same rate.

Fiscal Year	District Cost		Daily Avg. # of Student	Percent Increase	# of Routes	Percent Increase
	Less Contracted	Percent Increase				
1990-91	\$4,774,867		5,784		78	
1991-92	5,082,448	6.4%	5,894	1.9	78	0.0%
1992-93	5,369,991	5.7	6,318	7.2	84	7.7
1993-94	5,244,135	(2.3)	6,527	3.3	82	(2.4)
1994-95	5,133,520	(2.1)	6,380	(2.3)	81	(1.2)
1995-96	5,529,442*	7.7	6,461	1.3	81	0.0

* Budgeted

In addition, the Anchorage School District has made efforts to increase operating efficiencies by purchasing larger capacity buses to replace older buses. The capacity on these larger buses has increased from 65 to 85. Fuel mileage has also increased from 4.5 miles per gallon (gasoline) to 9 miles per gallon by going to diesel operated buses. The capability to increase the capacity on each bus allows more students to be transported with fewer routes.

Comparisons

Even with this differential between wages, the District's wages for bus drivers is significantly lower than the compensation paid by the Municipality of Anchorage for People Mover drivers or for wages required by the State under the Little Davis-Bacon law regarding prevailing wages for drivers on public construction projects.

Summary

In summary, it is our belief that the Anchorage School District's rate of reimbursement should be adjusted to more accurately reflect the costs incurred. Costs for contracted services have increased with the State mandated minimum wage requirement for drivers thereby substantially decreasing the difference between District costs and contracted costs. In addition, the allocation of District costs to the contractor for

services provided to the contractor makes this cost differential even smaller. The main focus, however, is the existence of some apparent inequities which continue to exist in the statewide system despite the legislative audit recommendations. We remain willing to work with you and your staff to develop appropriate recommendations for regulatory or statutory changes.

We would be glad to answer any questions you may have regarding this request. Please contact Janet Stokesbary, Chief Financial Officer at 269-2301 or Steve Kalmes, Director of Pupil Transportation at 563-3022.

Sincerely,

Bob Christal
Superintendent

BC/JS/BM

Attachment

ANCHORAGE SCHOOL DISTRICT
 PUPIL TRANSPORTATION
 CALCULATION TO REFLECT THE DAILY RATE PER ROUTE
 BASED ON ACTUAL EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 1995

	Actual Expenditure	District- Operated	Contracted	Other Expenditures
FY 94-95 Pupil Transportation Expenditures	11,415,082.03	5,656,696.43	5,758,385.60	
Contracted Services-Administrative		470.07	(470.07)	
In-Lieu-of-Transportation		25,499.52	(25,499.52)	
Total Actual FY 94-95 Expenditures**	11,415,082.03	5,682,666.02	5,732,416.01	0.00
Adjustments:				
Personnel Time Allocation:				
Director	72,198.00	(28,879.20)	28,879.20	
Transportation Planner	41,553.00	(24,931.80)	24,931.80	
Route Scheduler	46,674.00	(28,004.40)	28,004.40	
Transportation Supervisor	46,674.00	(35,005.50)	35,005.50	
Safety Office (2)	61,129.00	(24,451.60)	24,451.60	
Secretary	21,489.00	(2,148.90)	2,148.90	
Senior Clerk	24,695.00	(7,408.50)	7,408.50	
Dispatcher (2)	52,624.20	(5,262.42)	5,262.42	
Vehicle Maintenance Supervisor	65,677.00	(6,567.70)	6,567.70	
Administrative Assistant	35,856.00	0.00	0.00	
Subtotal		(162,660.02)	162,660.02	0.00
Professional Services Allocation:				
Pupil Transportation Audit	3,000.00	(1,200.00)	1,200.00	
Edulog License Fee	13,000.00	(5,200.00)	5,200.00	
Newspaper Advertisement	8,000.00	(3,200.00)	3,200.00	
Subtotal		(9,600.00)	9,600.00	0.00
Other:				
Crossing Guards	87,292.81	(87,292.81)	0.00	87,292.81
Hazardous Routes-District	557,954.19	(278,977.10)		278,977.10
Kindergarten Routes-District	160,541.64	(160,541.64)		160,541.64
Hazardous Routes-Contracted***	742,861.73	0.00	(371,430.87)	371,430.87
Kindergarten Routes-Contracted***	157,687.32	0.00	(157,687.32)	157,687.32
In-Lieu-of-Expenditures**	25,499.52	(25,499.52)	25,499.52	0.00
Rainbow Factory***	624.36	0.00	(624.36)	624.36
2% Administrative Charge*	144,077.32	144,077.32	0.00	(144,077.32)
Subtotal		(408,233.75)	(504,243.03)	912,476.78
Total Adjustments		(580,493.77)	(331,983.01)	912,476.78
Total Adjusted Expenditures	11,415,082.03	5,102,172.25	5,400,433.00	912,476.78

* The District-operated amount and the 2% administrative charge equals \$5,801,243.82, the amount reported by the State.

** The total expenditure for Contracted plus In-Lieu-of-Expenditures less Hazardous, Kindergarten, and Rainbow Factory equals \$5,228,172.98, the amount reported by the State.

*** Less Hazardous Route and Kindergarten Students Transported.

Mileage Disbursement-Regular
Fiscal Year 1984-85

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF MILES	RATE	
SERVICE AREA III REGULAR	21	1,323	452	3,647.64	2.76	8.07	63	22	173.70	0.1281
SERVICE AREA IV REGULAR	27	1,988	672	5,053.44	2.54	7.52	74	25	187.16	0.1021
DISTRICT OPERATED REGULAR	54	4,705	2,051	17,884.72	3.80	8.72	87	38	331.20	0.1001
SERVICE AREA VI REGULAR	24	1,932	611	4,264.78	2.21	6.98	81	25	177.70	0.0867
SERVICE AREA II GIRDWOOD HIGH SCHOOL	2 1	97 23	134 88	376.54 247.28	3.88 10.75	2.81 2.81	49 23	67 88	188.27 247.28	0.0579 0.1222
SERVICE AREA I REGULAR	31	2,232	1,561	5,713.26	2.58	3.66	72	50	164.30	0.0508
	160	12,300	5,569							

Mileage Disbursement-Regular
Fiscal Year 1990-91

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SERVICE AREA II										
GIRDWOOD ELEM.	2	76	62	328.60	4.32	5.30	38	31	164.30	0.1395
HIGH SCHOOL	1	24	82	255.84	10.66	3.12	24	82	255.84	0.1300
DISTRICT OPERATED REGULAR	48	3,985	1,910	15,681.10	3.94	8.21	83	40	326.69	0.0989
SERVICE AREA III REGULAR	17	954	597	2,567.10	2.69	4.30	56	35	151.01	0.0766
SERVICE AREA VI REGULAR	21	1,728	759	3,521.76	2.04	4.64	82	36	167.70	0.0564
SERVICE AREA I REGULAR	30	2,524	1,216	4,426.24	1.75	3.64	84	41	147.54	0.0433
SERVICE AREA IV REGULAR	24	1,773	1,158	3,555.06	2.01	3.07	74	48	148.13	0.0416
	143	11,064	5,784							

Mileage Disbursement-Special Education
Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SPECIAL AREA II GARDWOOD*	1	2	98	291.06	145.53	2.97	2	98	291.06	1.4850
DISTRICT OPERATED SPECIAL EDUCATION	27	251	1,068	11,555.76	46.04	10.82	9	40	427.99	1.1639
SERVICE AREA I SPECIAL EDUCATION	12	67	593	2,810.82	41.95	4.74	6	49	234.24	0.8490
SERVICE AREA VI SPECIAL EDUCATION	19	154	706	4,200.70	27.28	5.95	8	37	221.09	0.7341
SERVICE AREA V SPECIAL EDUCATION	20	281	786	4,991.10	17.76	6.35	14	39	249.56	0.4520
	79	755	3251							

* Not reimbursed by the State.

Mileage Disbursement-Special Education
Fiscal Year 1990-91

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SPECIAL AREA VI GIRDWOOD	21	103	485	3,913.95	38.00	8.07	5	23	186.38	1.6453
DISTRICT OPERATED SPECIAL EDUCATION	30	295	1,176	11,383.68	38.59	9.68	10	39	379.46	0.9844
SERVICE AREA I SPECIAL EDUCATION	9	46	584	1,675.08	36.41	2.97	5	63	186.12	0.5811
SERVICE AREA V SPECIAL EDUCATION	15	155	651	3,046.68	19.66	4.68	10	43	203.11	0.4529
SERVICE AREA II SPECIAL EDUCATION	1	6	101	221.19	36.87	2.19	6	101	221.19	0.3650
	76	605	2977							

ANCHORAGE SCHOOL DISTRICT
 PUPIL TRANSPORTATION
 CALCULATION TO REFLECT THE ACTUAL COST OF DISTRICT-OPERATED AND CONTRACTED TRANSPORTATION
 BASED ON ACTUAL EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 1995

	Actual Expenditure	District- Operated	Contracted	Other Expenditures
FY 94-95 Pupil Transportation Expenditures *	11,415,082.03	5,657,166.50	5,757,915.53	
Contracted Services-Administrative In-Lieu-of-Transportation		25,499.52	(25,499.52)	
Total Actual FY 94-95 Expenditures **	11,415,082.03	5,682,666.02	5,732,416.01	0.00
Adjustments:				
Personnel Time Allocation:				
Director	72,198.00	(28,879.20)	28,879.20	
Transportation Planner	41,553.00	(24,931.80)	24,931.80	
Route Scheduler	46,674.00	(28,004.40)	28,004.40	
Transportation Supervisor	46,674.00	(35,005.50)	35,005.50	
Safety Officer (2)	61,129.00	(24,451.60)	24,451.60	
Secretary	21,489.00	(2,148.90)	2,148.90	
Senior Clerk	24,695.00	(7,408.50)	7,408.50	
Dispatcher (2)	52,624.20	(5,262.42)	5,262.42	
Vehicle Maintenance Supervisor	63,677.00	(6,567.70)	6,567.70	
Administrative Assistant	35,856.00	0.00	0.00	
Related Fringe Benefits		(23,715.83)	23,715.83	
Subtotal		(186,375.85)	186,375.85	0.00
Professional Services Allocation:				
Pupil Transportation Audit	3,000.00	(1,200.00)	1,200.00	
Educator License Fee	13,000.00	(3,200.00)	3,200.00	
Newspaper Advertisement	8,000.00	(3,200.00)	3,200.00	
Subtotal		(7,600.00)	7,600.00	0.00
Other				
Activity Trips - District	332,423.92	(332,423.92)		332,423.92
Crossing Guards ***	87,292.81	(87,292.81)		87,292.81
In-Lieu-of-Transportation**	25,499.52	(25,499.52)	25,499.52	0.00
Subtotal		(445,216.25)	25,499.52	419,716.73
Total Adjusted Expenditures for Routes		5,041,473.92	5,953,891.58	419,716.73
Adjustments Per DOE Regulations				
Hazardous Routes-District	557,954.19	(278,977.10)		278,977.10
Crossing Guards ****	87,292.81	43,646.41	0.00	(43,646.41)
Kindergarten Routes-District	160,541.64	(160,541.64)		160,541.64
Hazardous Routes-Contracted**	742,861.73	0.00	(371,430.87)	371,430.87
Kindergarten Routes-Contracted**	157,687.32	0.00	(157,687.32)	157,687.32
Rainbow Factory Trips**	624.36	0.00	(624.36)	624.36
Subtotal		(395,872.33)	(529,742.55)	925,614.88
2% Administrative Charge*	144,077.32	68,380.57	75,686.75	(144,077.32)
Total Adjusted Expenditures for Reimbursement Purposes	11,415,082.03	4,713,982.16	5,499,845.58	1,201,254.29

- * The District-operated amount and the 2% administrative charge for both District Operated and Contracted equals \$5,601,243.82, audited amount reported to the DOE.
- ** The total expenditures for Contracted plus In-Lieu-of-Expenditures less Hazardous, Kindergarten, and Rainbow Factory Trips equals \$5,228,172.98, the audited amount reported to DOE.
- *** To reduce the total expenditures used to calculate rate per mile.
- **** To reflect the 50% allowable through Hazardous Routes.

Mileage Disbursement-Regular
Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	[1] [2] RATE	
SERVICE AREA III REGULAR	21	2,066	470	4,019.40	1.95	8.55	98	22	191.40	0.0869
SERVICE AREA IV REGULAR	27	2,577	733	5,559.30	2.16	7.58	95	27	205.90	0.0795
DISTRICT OPERATED REGULAR	54	6,129	2,214	17,742.78	2.89	8.01	114	41	328.57	0.0706 ASD
SERVICE AREA VI REGULAR	24	2,457	659	4,747.92	1.93	7.20	102	27	197.83	0.0704
SERVICE AREA II GIRDWOOD	2	111	141	428.98	3.86	3.04	56	71	214.49	0.0548
HIGH SCHOOL	1	23	88	247.11	10.74	2.81	23	88	247.11	0.1221
SERVICE AREA I REGULAR	31	3,048	1,654	6,286.49	2.06	3.80	98	53	202.79	0.0387
	160	16,411	5,959							

(1) No deducts for hazardous and kindergarten pupils.

(2) Contracted rate per route includes the allocated amount from the district operation in the amount \$7.25 per route. (\$195,975.85 divide by 158 routes, divide by 171 days)

Revised Attachment B
Date: March 26, 1996

Mileage Disbursement-Special Education
Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	[1] [2] [3] RATE	
SPECIAL AREA II GIRDWOOD*	1	2	98	319.13	159.57	3.26	2	98	319.13	1.6282
DISTRICT OPERATED SPECIAL EDUCATION	27	251	1,068	11,739.60	46.77	10.99	9	40	434.80	1.1824 ASD
SERVICE AREA I SPECIAL EDUCATION	12	67	593	3,066.96	45.78	5.17	6	49	255.58	0.9263
SERVICE AREA VI SPECIAL EDUCATION	19	154	706	4,590.59	29.81	6.50	8	37	241.61	0.8022
SERVICE AREA V SPECIAL EDUCATION	20	281	786	5,674.20	20.19	7.22	14	39	283.71	0.5138
	79	755	3251							

* Not reimbursed by the State.

[1] No deducts for hazardous and kindergarten pupils.

[2] Contracted rate route includes the allocated amount from the district operation in the amount of \$7.25 per route. (\$195,575.85 divide by 158 routes, divide by 171 days.)

[3] Includes the daily rate for the attendants.