

**SJR**

**26**



# SENATOR JERRY WARD

ALASKA STATE LEGISLATURE

## SJR 26 SPONSOR STATEMENT

A Resolution proposing amendments to the Constitution of the State of Alaska relating to education.

This legislation offer's a common-sense approach to funding and improving Alaska's educational system. SJR26 establishes a land trust for funding education and allowing for the funding of private as well as public schools by establishing a voucher system that favors school choice. Goals of the voucher system are to enhance educational opportunities and to promote more competition and quality in the delivery of educational services.

SJR26 creates an endowment trust to ensure adequate future funding for education. It will provide for the use of revenues from the land trust to pay operational costs of education from K through University. The trust would be entitled to 100 percent of any income derived from land sales, leases, contracts, licenses or other uses of the granted land.

Not only would SJR26 secure the financial future of Alaska's schools and provide for school choice, but it would also create new jobs and stimulate economic development as the resources of the trust are developed.

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-4940 • FAX (907) 465-3766  
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Chairman, Senate Transportation Committee • Chairman, Senate State Affairs Committee

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# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. SJR26

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Office of the Governor  
 Title Constitutional Amendment: Relating to the BRU Elective Operations  
education Component Elections  
 Sponsor Senator Ward  
 Requester Senate State Affairs Committee Component No. 21

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. However, only six measures can be printed on an 8-1/2 by 14 inch ballot. If this measure requires printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenurina *Gail Fenurina* Phone 465-3935  
 Division Division of Elections Date/Time 1/24/00 9:33 AM  
 Approved by Lt. Governor Fran Ulmer *Fran Ulmer* Date 01/24/2000  
 Agency Office of the Lieutenant Governor

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# Revitalizing Education

## THE MORAL AND ECONOMIC CASE FOR COMPETITION

Address by TED FORSTMANN, *Senior Partner, Forstmann Little & Co. Chairman & CEO, Children's Scholarship Fund*  
Delivered to the Economic Club of Detroit, Detroit, Michigan, October 12, 1999

**T**hank you, Ken, for that introduction. As many of you may know, Lear was for a brief time under Forstmann Little ownership — and while we do what we can to improve our acquisitions, obviously the best thing we ever did for Ken was to sell his company, because he's gone on to become a gigantic success.

There's no way I can acknowledge everyone here I'd like to, but I should point out that the Children's Scholarship Fund was able to greatly expand the number of children we helped here in Detroit thanks to matching funds provided by Cardinal Maida and also CSF board member Dick DeVos. Both have a history of involvement with education, not just here in Detroit, but in Dick's case, around the country. I'd also like to thank the people here who founded Pathways of Hope for their cooperation and support in our local effort.

Finally, I'd like to recognize perhaps the most important donors in this room, the parents of these children. Because remember, our scholarships are partial scholarships — and could not have been used without significant financial contributions made by the families themselves. I met with some of these parents, their children, and teachers this morning at the Cornerstone School. Principal Ernestine Sanders is here with some of her flock — she is an amazing woman, an inspiration to her students, and also to me.

When I accepted the invitation to address this prestigious gathering, I was faced with a dilemma. Should I stick to economics? Or should I focus on the question that has increasingly absorbed my energies in recent years: how to revitalize American education, particularly for those children trapped in dangerous, failing schools?

The more I thought about this, the more I really had no dilemma at all. I had already concluded that what works in every other sphere of life would, of course, work in education as well. The apologists for the status quo want you to believe that education exists in its own special bubble — immune from what we know about other areas of life, exempt from the laws that govern the rest of reality. And amazingly, they have gotten all of us to buy into this.

I am here today to try to pop that bubble. For the sake of new ideas, new opportunities, and new advances in education that could — but cannot now — be conceived. And far more importantly for the sake of children who are suffering — and needlessly so. But first, by way of background, let me tell you how I came to recognize the bubble for what it was.

Two years ago I teamed up with John Walton to offer 1,000 partial scholarships to students in Washington, D.C. After just a couple of months, with virtually no media coverage or advertising, we had received nearly 8,000 applications. Confronted with this huge demand, we decided to go national: together we put up \$100 million to fund 40,000 scholarships, and the Children's Scholarship Fund was born.

Frankly, I'd never done anything like this before, and was learning as I went along. Throwing a lifeline to kids trapped in

bad schools seemed like a good idea to me, but would others be willing to brave the inevitable controversy and join our cause?

I soon found out. Those who stepped forward to join our efforts range from civil rights leaders such as Andy Young, Martin Luther King III and Dorothy Height — to national leaders such as General Colin Powell, White House Chief of Staff Erskine Bowles, Barbara Bush, and both the majority and minority leaders of the U.S. Senate, Trent Lott and Tom Daschle — from sports and entertainment figures, such as baseball legend Sammy Sosa, actor Will Smith, Michael Ovitz, Bob Johnson of Black Entertainment Television and MTV's president, Tom Freston — from business leaders such as Rupert Murdoch to Jim Kimsey, founder of America Online — just to name a few.

Soon we had raised \$70 million to match our initial investment — and with this we set up programs in 40 cities and three entire states. As calls poured in I thought, "why limit our scholarships to just these local programs?" We worked through the logistics, came up with another \$30 million, and on the Oprah show we made our scholarships available to every single low income family in the United States of America.

Yet nothing, not even our experience in Washington, D.C., could have prepared us for the explosive level of demand we were to face. By our March 31st deadline we had applicants from all 50 states — from 22,000 cities and towns across America. In many areas huge blocks of the eligible population applied: 29% in New York; 30% right here in Detroit; 33% in our nation's capital; in Baltimore, MD 44% of the eligible population applied.

In total we received one million two hundred and fifty thousand applications. That is an almost inconceivable response — made even more so when you remember that this is only from people who heard of our program.

As I mentioned earlier, these are partial scholarships as parents must contribute an average of \$1,000 per year and all the applicants are low-income. For example, the average income here in Detroit was just over \$17,000 a year. Now consider this — \$1,000 over four years from the parents of 1.25 million adds up to \$5 billion. Five billion dollars from families who have very little — simply to escape the government delivery system that they've been relegated to and to obtain a decent education for their children.

More eloquently than any expert, more powerfully than any politician — these parents have made the moral case for greater choice and opportunity in education. My immediate reaction was: let's do it again. Let's raise enough money to fund another 40,000, or 80,000 or as many of the 1.25 million as we can.

But with a sinking heart I remembered the research we had done on capacity in private schools that presently exist — and realized that even if we raised ten times as much money to fund ten times as many scholarships, the hard truth was that, right now, the seats simply don't exist.

Why? Why are there no alternative sources of supply? K-12 nationally is a \$400 billion a year enterprise. Why are no suppliers rushing forward to cater to families who are dissatis-

fied with the quality of education they are currently receiving — and eager for alternatives? In other words, in a free country like America, with such obviously large demand, why aren't there a multitude of competitive providers?

The answer is barely whispered, but very obvious. We are dealing with a government sponsored monopoly. Any system that can demand — indeed enforce — a 90% market share surely qualifies as one. And there has always been a broad consensus in America — even long before the Sherman Anti-Trust Act came along — that monopolies produce a bad product at a high price. This one is no exception.

Despite a fourteen-fold increase in inflation-adjusted spending since 1920, despite longer school years, despite a doubling of teachers' salaries and dramatic shrinkage of class sizes in the past 50 years alone — a quarter of young Americans have little to no grasp of written English, test scores have stagnated or declined, international rankings are beyond embarrassing, and census data show that public schools have become the second most likely place in America for a violent crime to be committed.

Would parents and students — the consumers — like alternatives to the defective product I've just described? Yes, of course they would — as our lottery dramatically demonstrated. But no matter how unhappy they are with their current situation, the bottom line is that most parents simply cannot afford to pay twice for education — first in the form of taxes, then in the form of tuition.

That's a big sacrifice — especially for low-income parents — and one which many families are unable to make. So this is how the monopoly controlling American education is able to tilt the playing field and prevent quality alternate suppliers from entering the market.

Who would benefit if there were multiple sources of supply and parents could seek a good education wherever it could be found? Two groups for sure: those who are currently deprived of a good education, and those who could provide it. So what would be so wrong with opening things up — normalizing matters so that education would look more like the rest of America — letting parents have new options, and giving new high-quality suppliers the chance to compete?

We know there is a moral case for choice and competition — made most dramatically by the parents of 1.25 million applicants to the Children's Scholarship Fund. We know there is an economic case — made by centuries of bad experience with monopolies, and good experience with the creativity of free markets, never more evident and exciting than today. So what could possibly even be the arguments against competition and choice?

Most of them are well-worn, but as pressure for change grows, we're bound to hear them repeated with increasing frequency and exaggeration. So let's review them; they fall roughly into three categories: policy, history, and law.

The policy argument essentially claims that if we just keep plugging away at the same old failed solutions — spend more money, hire more teachers, and reduce class sizes — we will somehow get different results. In the meantime, what happens to the child? To people who want to maintain the status quo, this is not the primary concern. The primary concern is not what happens to the child if he is forced to stay — but rather what happens to the system if he is free to leave. By their reasoning, no matter how bad the situation gets, we must not help the child to leave, lest in leaving he makes a bad situation worse. So we must ask: Does the child exist to serve the system, or does the system exist to serve the child?

Even if this reasoning were not so morally repugnant, it is economically absurd. Will choice "destroy public education?" Did competition from Toyota "destroy" General Motors?

Has competition from Compaq, Dell and Apple "destroyed" IBM? Of course not. Everyone of you sitting here today knows that there has never been an industry, a company, or a product that competition has not improved.

By the way, speaking to my Democratic friends, I must ask them: what monopoly in history has ever been "reformed" by allowing it to raise its prices, hire more employees, build more office space, or require its customers to wear uniforms?

The second front against choice is advanced on historic grounds. It runs as follows: America may have been built on competition, but it was also founded upon public education — and as such it must be considered an underpinning of our democracy and reflection of our Founders' deepest ideals.

The problem with this argument is that it is a total and complete falsehood. Our Founders, that is to say, Washington, Jefferson, and the rest, were wholeheartedly opposed to a government system of education. In fact, the government delivery system we now have, and now call "public education" wasn't established until roughly 100 years after our country's founding. The system it replaced — the system of education our country was founded upon — was characterized above all by diversity, competition and choice. Not only did it arguably produce some of the greatest Americans of our history, the most basic measure of achievement — literacy — was very high, in many states higher than it is today. From our Founders down through the years, right down to this year and those of us in this room — we all want to educate the public. That is a very different proposition than our simply accepting the government delivery system that we, by long and erroneous habit, now refer to as quote-unquote "public education".

Deprived of precedent and principle, the final argument against choice claims: it's against the law. Since some children might flee to the inexpensive option of parochial schools, we're told this would represent an unconstitutional establishment of state religion. This argument holds true if, and only if, you take one thing out of the picture: the parent. Indeed, the Wisconsin Supreme Court recently upheld the constitutionality of a voucher program in Milwaukee on the grounds that it was parents — not the state — who were doing the choosing. Because the public funds are filtered through parents choosing what's best for their children, the court ruled that such programs operate primarily for the "benefit" of children, not religious schools. Indeed, if the above argument were correct, no servicemen returning from the Second World War could have attended Notre Dame, or Brandeis, or Southern Methodist University under the GI Bill.

So I hope you can see what a red herring that is. But the really important point is that as long as the current monopoly is allowed to shut out competition, the only choices poor parents will be able to afford are the very ones legal critics of choice object to: nonprofit, religious schools. This is truly a ridiculous result. In an open, competitive environment — who knows where the schools will come from? Might be Microsoft, or IBM, or education entrepreneurs or National Geographic, or the Museum of Fine Arts or any number of universities or colleges.

Who knows — it might be any of you here today. Remember, this is a \$400 billion potential market — virtually twice the size of the telecommunications market today in which multi-billion dollar mergers have become an everyday occurrence.

And yet, you might ask: how do we get there? How do we get from the current model — where there are no decent options except for those who can afford to move to the suburbs, or pay for education twice in the form of private schools — to the model I am talking about, where decent options proliferate, not for the few, but for everyone? How do we address the economic and political challenge, of moving from a monopoly to a truly open environment — while also addressing the moral challenge of ensuring equal opportunity for all?

Well, it's really not as hard as you might think. You need many choices for the consumer, and you need freedom of choice by the consumer, together with his ability to pay for those choices. Suppliers will provide choices, will enter the marketplace, when there's a financial opportunity — and the way we pay for education will have a bearing on that.

Now, there are two schools of thought about what's the best way to pay for education. The first says let people keep their own education tax dollars and use the extra funds to purchase education services for their family. The advantage to this is that by investing their own money in their children's education, parents have a personal stake in making sure they get their money's worth. This, by the way, is one of the reasons we at CSF give partial scholarships, and ask the parents to make up the rest — we feel that encouraging parental investment, and therefore involvement in their children's education, is that important. However, the disadvantage to the pay-your-own-way approach is that it raises serious concerns about how the poorest families would be able to afford to pay. At best, they might be able to rely on charity. But personally, I don't think that the best system is one in which poor kids have to rely on someone like me to get a decent education.

We now fund education through taxation. And I feel this is probably the fairer method as long as parents can use their share of education tax dollars to seek the best possible education for their child, wherever it may be found. With this approach we are committed to the principle that all children, regardless of their parents' background or income level, should have access to a decent education.

I believe that with a multiplicity of choices and the providers competing for and catering to their customers, there would be a huge surge of parental involvement — certainly far more than currently exists, or is even allowed, under the government monopoly. More fundamentally, I favor this approach because, as a big believer in equal opportunity, I do not want to take any chances on leaving any children behind.

In the model I'm talking about, in the world I see, government serves as an education provider only when it can compete effectively, but universally as a kind of ATM machine, helping give parents the means to seek the best possible education for their children, wherever they wish. So to re-emphasize, because we pay for education through government taxation, it is not inevitable that government be the only supplier of the product. Indeed, by setting the government up as monopoly supplier of the product, we have created a system of monstrous inequality — with the gap between the have's and the have-not's as wide as the world separating Andover High School in Bloomfield Hills and Kettering High School on Van Dyke Road.

As I said previously, we are all in favor of educating the public. But we should certainly not think of the government monopolistic model of education as sacrosanct. Systems — in and of themselves — are not sacred. But children are. And if the system is failing to serve the children — then we should change it.

Now, at the outset of my remarks, I said that the monopolistic model has come to be accepted out of long mental habit. And so at first it may be hard for some people to imagine a new system. But the mental habit I am asking you to break is the selective application of truth. It's a truth that monopolies hurt consumers. It's a truth that competition has revolutionized one industry after another, has liberated the creative energies of our citizens, and has made America the envy of the earth. To pretend that these truths do not apply to that most crucial endeavor — the education of our children — is more than irrational, it is really very wrong.

The last weapons in the public education monopoly's arsenal are fear and prejudice disguised as concern for the welfare of the disadvantaged. Thus its leaders insinuate, in politically correct terms of course, that poor and minority parents won't make good decisions when it comes to their children's education. This argument not only underestimates America's struggling families, but it also undermines the central value that makes this country great — freedom. In America, we should have faith in the ability of ordinary, often humble people to make the best decisions, by their own lights, for themselves and for their families.

We must not let mental inertia, specious arguments, or current versions of political correctness stand in the way. For the sake of all our children, and the future that rests upon them, we should do something about this — and do it now.

## 21st Century Medicine

### IMPROVING QUALITY THROUGH PARTNERSHIPS

Address by NANCY W. DICKEY, MD, *Immediate Past President, American Medical Association*

*Delivered to the 1999 Annual Conference, Chicago, Illinois, October 3, 1999*

Good afternoon. And thank you for inviting me to join you today. It's a great pleasure to be able to come here — and to share some thoughts with you on the physician perspective — about quality care. About the future of medicine. And about managing risk for our professions and

our patients.

Today, I'm going to talk about ways that we can all work together to make health care not only better — but safer — for all concerned.

But first, I want to talk about something else — some-

[WSF People](#)[Board & Staff](#)[Donor Honor Rolls](#)[Student Honor Rolls](#)

## Theodore J. Forstmann

*Donor,  
Chairman Emeritus*



Theodore J. Forstmann is co-founder and senior partner of the private investment firm, Forstmann Little & Co., and an outspoken champion of expanding opportunity and economic growth.

In 1997, Mr. Forstmann pledged \$3 million to the Washington Scholarship Fund and became Chairman of the Board of Directors.

Mr. Forstmann is a pioneer of the leveraged buyout. His firm has invested over \$13 billion in 22 acquisitions since its founding in 1978 and has compiled an unmatched record of investment performance. As a passionate defender of free markets and free peoples, Mr. Forstmann is a frequent speaker who has written numerous op-ed pieces for such publications as the *Wall Street Journal* and *New York Times*.

Forstmann Little's best-known acquisitions include Gulfstream, NextLevel Systems, Ziff-Davis Publishing, Community Health Systems, Dr Pepper and Topps. The firm currently has almost \$5 billion in committed capital for future acquisitions.

Mr. Forstmann is Chairman of Gulfstream Aerospace and serves on the board of directors of NextLevel Systems and Community Health Systems.

Mr. Forstmann is committed to numerous philanthropic interests and devotes much of his time and energy to helping children. As a director of the International

Rescue Committee, he has made several trips to Bosnia and created and funded a medical program that provided care for thousands of war-injured children. He is a director of the Nelson Mandela Children's Fund and has devoted substantial time and effort to this organization, which seeks to alleviate the plight of the millions of street children in South Africa. Here at home, he is co-founder with Andrea Jaeger of the Silver Lining Ranch in Aspen, Colorado, which serves children with cancer and other life-threatening illnesses. Mr. Forstmann also founded the Boggy Creek Gang Camp, a year-round camp for chronically ill children, with General Norman Schwarzkopf and Paul Newman. Together with two of his brothers, he co-sponsors the Huggy Bear Invitational Tennis Tournament, an annual event which contributes over \$61 million a year to various other children's charities. Lastly, Mr. Forstmann is also a director of the Inner City Scholarship Fund in New York, which educates over ten percent of the inner-city children there.

Mr. Forstmann, 57, is a graduate of Yale University and the Columbia School of Law.



# NEA-ALASKA

*Affiliated with the National Education Association*

## SJR 26 NEA-Alaska Position Statement

NEA-Alaska is opposed to any attempt to change the Constitution of the State of Alaska that would allow for any public funds to fund either directly or indirectly, private, religious or related home school instruction.

Article VII, sec. 1, Constitution of the State of Alaska states, "no money shall be paid from public funds for the direct benefit of any religious or other private educational institution." The framers of the Constitution spent many hours in debate over this section of the constitution. The debate was not over whether to allow public funds to be spent on private and religious education, but on how the Constitution might be even more prohibitive to this type of expenditure. Clearly the founders wanted public accountability for the expenditure of public monies.

At a time when the State of Alaska is faced with a deficit and some argue an uncertain future, a voucher proposal extending public funding to children enrolled in private and denominational schools and related home schools is an extravagance we cannot afford. Our schools are not adequately and equitably funded now. The Foundation Program has been recommended for a \$19.17 million reduction and the reforms demanded by testing at grades 3, 6, 8 and 10<sup>th</sup> grades are approximately \$27 million underfunded.

At a time when our public schools are required to meet new educational standards for teaching and learning, plus requiring students to pass difficult graduation examinations weakening educational opportunities of public school children by diverting fiscal resources from public school classrooms to private and related home providers is counter productive. Taking money away from these efforts and giving it to students who aren't required to meet similar standards, pass tests or improve learning is inconsistent with the legislature's quality school initiative embodied in SB 36. Giving public money to private and home schools that have no accountability to the public or have no requirement to meet quality school standards is a poor exercise in fiscal and instructional responsibility.

How much will the result of this proposed amendment cost? In 1998, a year for which data exists, there were 144,773 children between the ages of 5 and 17 of which 133,507 were enrolled in public school, central correspondence or Mount Edgecumbe. There were over 11,266 school age children not enrolled in public schools. These children are either being educated at home, or are enrolled in private or denominational schools or are simply not being educated.

It would cost \$44.4 million to give 11,266 students a voucher the equivalent of the Base Student Allocation (\$3,940). If the voucher is increased because of the other variables that determine state aid – School Size Factor, District Cost Factor and Special Needs Factor – the expense spirals upwards radically. In comparison, during the 1996 legislative session, \$26 million was provided districts under SB 36 of which \$13.2 million was distributed to schools to address adverse effects of the school size table, definition of schools and the district cost factor.

Costs could go up even further if vouchers serve as an incentive for parents to remove their children, who are enrolled in the public schools, and enroll them in either a home school or private school. The number of students who may fall in this category is unknown. However, if a student exits the public schools for home or private education with a voucher in his or her pocket, public schools will lose funding. The fixed costs of operating a school and staffing a school will continue; however, each departing student will reduce a school district's Base Student Allocation.

Which school districts will be impacted the most by cash vouchers – urban or rural? In 1996-97, the last year home schools reported enrollment, 986 students attended 483 home schools according to a Department of Education report. Approximately 82% of the home schools were located in urban settings while the balance of 18% were in rural settings including communities like Nome, Sterling, Willow and Chevak. In 1998-99, of those private religious schools reporting, 65% of private religious schools were in urban areas with 86% of the reported total statewide enrollment for private religious schools. In 1998-99, of the only eleven private non-religious schools reporting, 73% were in urban areas with 83% of the reported total statewide enrollment for private non-religious schools. Given this distribution of home school and private enrollment, vouchers will have the greatest impact on urban schools where the largest number of home and private schools exists. If new funding is not appropriated for a vouchered education instead of a public education or if current funding is diverted from public classrooms to pay for the voucher, urban schools will be hurt most.

Will the state be asked to pay for the transportation costs for those who would use a voucher scheme? A significant barrier for low-income families seeking greater choices for their child's education is lack of transportation. Many families do not have the means to provide transportation for their children to attend other public school alternatives, let alone private schools. A voucher at first blush is a greater benefit to those who educate at home. That certainly has been the case in other states. Voucher tax dollars in Cleveland were used to fund taxis to provide transportation for children who were already enrolled in private and religious schools.

Vouchers are taxation without representation. Voucher schemes funnel public tax dollars into private and religious schools, yet taxpayers have absolutely no say in how voucher schools would be run. The public deserves a voice in the spending of our collective resource, especially when a voucher scheme would dramatically increase the public burden for the cost of education.

There are other reasons that a voucher scheme is poor public policy. Currently schools are working to implement new standards, preparing students to pass exit exams and designing new curriculum and opportunities for children. We oppose weakening those efforts through vouchers.

We believe in a strong system of public education. Schools have been critical to Alaska's economic, social and cultural development. Public education is critical to our state's future and it's continued development. Public schools demonstrate the very spirit of our democracy by accepting and educating all students regardless of means or position in life. If our state does not continue to inspire that purpose, our most precious resource, our children, will be wasted.

NEA-Alaska wants to provide A+ Schools for Alaska's Kids. Vouchers do not contribute to making our schools A+.



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At a time when the State of Alaska is faced with a deficit and some argue an uncertain future, a voucher proposal extending public funding to children enrolled in private and denominational schools and related home schools is an extravagance we cannot afford. Our schools are not adequately and equitably funded now. The Foundation Program has been recommended for a \$19.17 million reduction and the reforms demanded by testing at grades 3, 6, 8 and 10<sup>th</sup> grades are approximately \$27 million underfunded.

At a time when our public schools are required to meet new educational standards for teaching and learning, plus requiring students to pass difficult graduation examinations weakening educational opportunities of public school children by diverting fiscal resources from public school classrooms to private and related home providers is counter productive. Taking money away from these efforts and giving it to students who aren't required to meet similar standards, pass tests or improve learning is inconsistent with the legislature's quality school initiative embodied in SB 36. Giving public money to private and home schools that have no accountability to the public or have no requirement to meet quality school standards is a poor exercise in fiscal and instructional responsibility.

How much will the result of this proposed amendment cost? In 1998, a year for which data exists, there were 144,773 children between the ages of 5 and 17 of which 133,507 were enrolled in public school, central correspondence or Mount Edgecumbe. There were over 11,266 school age children not enrolled in public schools. These children are either being educated at home, or are enrolled in private or denominational schools or are simply not being educated.

It would cost \$44.4 million to give 11,266 students a voucher the equivalent of the Base Student Allocation (\$3,940). If the voucher is increased because of the other variables that determine state aid – School Size Factor, District Cost Factor and Special Needs Factor – the expense spirals upwards radically. In comparison, during the 1996 legislative session, \$26 million was provided districts under SB 36 of which \$13.2 million was distributed to schools to address adverse effects of the school size table, definition of schools and the district cost factor.

Costs could go up even further if vouchers serve as an incentive for parents to remove their children, who are enrolled in the public schools, and enroll them in either a home school or private school. The number of students who may fall in this category is unknown. However, if a student exits the public schools for home or private education with a voucher in his or her pocket, public schools will lose funding. The fixed costs of operating a school and staffing a school will continue; however, each departing student will reduce a school district's Base Student Allocation.

Which school districts will be impacted the most by cash vouchers – urban or rural? In 1996-97, the last year home schools reported enrollment, 986 students attended 483 home schools according to a Department of Education report. Approximately 82% of the home schools were located in urban settings while the balance of 18% were in rural settings including communities like Nome, Sterling, Willow and Chevak. In 1998-99, of those private religious schools reporting, 65% of private religious schools were in urban areas with 86% of the reported total statewide enrollment for private religious schools. In 1998-99, of the only eleven private non-religious schools reporting, 73% were in urban areas with 83% of the reported total statewide enrollment for private non-religious schools. Given this distribution of home school and private enrollment, vouchers will have the greatest impact on urban schools where the largest number of home and private schools exists. If new funding is not appropriated for a vouchered education instead of a public education or if current funding is diverted from public classrooms to pay for the voucher, urban schools will be hurt most.

Will the state be asked to pay for the transportation costs for those who would use a voucher scheme? A significant barrier for low-income families seeking greater choices for their child's education is lack of transportation. Many families do not have the means to provide transportation for their children to attend other public school alternatives, let alone private schools. A voucher at first blush is a greater benefit to those who educate at home. That certainly has been the case in other states. Voucher tax dollars in Cleveland were used to fund taxis to provide transportation for children who were already enrolled in private and religious schools.

Vouchers are taxation without representation. Voucher schemes funnel public tax dollars into private and religious schools, yet taxpayers have absolutely no say in how voucher schools would be run. The public deserves a voice in the spending of our collective resource, especially when a voucher scheme would dramatically increase the public burden for the cost of education.

There are other reasons that a voucher scheme is poor public policy. Currently schools are working to implement new standards, preparing students to pass exit exams and designing new curriculum and opportunities for children. We oppose weakening those efforts through vouchers.

We believe in a strong system of public education. Schools have been critical to Alaska's economic, social and cultural development. Public education is critical to our state's future and its continued development. Public schools demonstrate the very spirit of our democracy by accepting and educating all students regardless of means or position in life. If our state does not continue to inspire that purpose, our most precious resource, our children, will be wasted.

NEA-Alaska wants to provide A+ Schools for Alaska's Kids. Vouchers do not contribute to making our schools A+.