

SB

1

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/8/01

3/15/01

FURTHER: HES
Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED *1/08/01*
IN TO OFFICE: _____

Community and Regional Affairs Committee considered

SENATE BILL NO. 1

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
<i>DEED</i>		<i>✓</i>		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			<i>✓</i>	
<i>[Signature]</i>			<i>✓</i>	
<i>[Signature]</i>	<i>✓</i>			
<i>[Signature]</i>			<i>✓</i>	
<i>[Signature]</i>				
CHAIR: <i>[Signature]</i>	<i>✓</i>			

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 1
 (S) Publish Date: 3/20/01

Revision Date/Time (Note if correction): _____ Dept. Affected: DEED
 Title: An Act relating to the base student allocation BRU: K-12 Support
used in the formula for state funding of public education; ... Component: Foundation Program
 Sponsor: Senator Gary Wilken
 Requester: Senate CRA Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0
Miscellaneous						
TOTAL OPERATING	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0

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	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0	28,945.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Senate Bill 1 amends AS 14.17.470 to increase the base student allocation from \$3,940 to \$4,085, effective July 1, 2001. As a result there would be an increase in State Aid totalling \$28,944,979. Also the Funding Floor erodes faster and would eliminate four districts from the floor.

Prepared by: Eddy Jeans Phone 465-8679
 Division: DEED/ESS Date/Time 1/8/01 12:00 AM
 Approved by: Commissioner Holloway Date 3/30/01
 Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

Department of Education and
 Early Development
 Foundation Program
 SENATE BILL NO.
 January 8, 2001

DISTRICT	FY 02 District Adjusted ADM	Current Basic Need at \$3940	SB_1 revision \$4085 Basic Need for FY02	Increase in State Aid	Funding Floor Difference	Total Entitlement Difference
Alaska Gateway	1,172.57	4,619,926	4,789,948	170,022	(43,009)	127,013
Aleutian Region	310.25	1,222,385	1,267,371	44,986	(17,994)	26,992
Aleutians East Borough	946.76	3,730,234	3,867,515	137,281	0	137,281
Anchorage	67,080.62	264,297,643	274,024,333	9,726,690	0	9,726,690
Annette Island	616.62	2,429,483	2,518,893	89,410	0	89,410
Bering Strait	5,374.67	21,176,200	21,955,527	779,327	0	779,327
Bristol Bay Borough	597.46	2,353,992	2,440,624	86,632	0	86,632
Chatham	617.88	2,434,447	2,524,040	89,593	0	89,593
Chugach	314.78	1,240,233	1,285,876	45,643	(18,257)	27,386
Copper River	1,379.03	5,433,378	5,633,338	199,960	(15,984)	183,976
Cordova	832.94	3,281,784	3,402,560	120,776	(47,151)	73,625
Craig	905.80	3,568,852	3,700,193	131,341	0	131,341
Delta/Greely	1,032.16	4,066,710	4,216,374	149,664	0	149,664
Denali Borough	736.62	2,902,283	3,009,093	106,810	0	106,810
Dillingham	1,153.20	4,543,608	4,710,822	167,214	(66,885)	100,329
Fairbanks N. Star Borough	22,082.69	87,005,799	90,207,789	3,201,990	0	3,201,990
Galena	3,213.05	12,659,417	13,125,309	465,892	(186,357)	279,535
Haines Borough	693.76	2,733,414	2,834,010	100,596	(7,573)	93,023
Hoonah	481.46	1,896,952	1,966,764	69,812	(27,925)	41,887
Hydaburg	224.02	882,639	915,122	32,483	0	32,483
Iditarod Area	1,397.03	5,504,298	5,706,868	202,570	(81,028)	121,542
Juneau Borough	7,825.09	30,830,855	31,965,493	1,134,638	0	1,134,638
Kake	326.91	1,288,025	1,335,427	47,402	(12,369)	35,033
Kashunamiut	781.14	3,077,692	3,190,957	113,265	0	113,265
Kenai Peninsula Borough	14,826.33	58,415,740	60,565,558	2,149,818	0	2,149,818
Ketchikan Gateway Borough	3,543.70	13,962,178	14,476,015	513,837	0	513,837
Klawock	431.54	1,700,268	1,762,841	62,573	(25,029)	37,544
Kodiak Island Borough	4,639.24	18,278,606	18,951,295	672,689	0	672,689
Kuspuk	1,495.95	5,894,043	6,110,956	216,913	(65,720)	151,193
Lake & Peninsula Borough	1,633.22	6,434,887	6,671,704	236,817	(94,727)	142,090
Lower Kuskokwim	9,891.38	38,972,037	40,406,287	1,434,250	(573,700)	860,550
Lower Yukon	5,233.56	20,620,226	21,379,093	758,867	0	758,867
Mat-Su Borough	18,876.41	74,373,055	77,110,135	2,737,080	0	2,737,080
Nenana	1,550.06	6,107,236	6,331,995	224,759	0	224,759
Nome	1,444.62	5,691,803	5,901,273	209,470	(76,034)	133,436
North Slope Borough	5,207.59	20,517,905	21,273,005	755,100	0	755,100
Northwest Arctic Borough	5,984.44	23,578,694	24,446,437	867,743	0	867,743
Pelican	68.82	271,151	281,130	9,979	(3,992)	5,987
Petersburg	1,022.16	4,027,310	4,175,524	148,214	0	148,214
Pribilof	424.44	1,672,294	1,733,837	61,543	(14,325)	47,218
Sitka Borough	2,285.30	9,004,082	9,335,451	331,369	0	331,369
Skagway	309.09	1,217,815	1,262,633	44,818	(17,927)	26,891
Southeast Island	691.71	2,725,337	2,825,635	100,298	(40,119)	60,179
Southwest Region	2,211.33	8,712,640	9,033,283	320,643	0	320,643
St. Mary's	419.25	1,651,845	1,712,636	60,791	(24,316)	36,475
Tanana	331.94	1,307,844	1,355,975	48,131	0	48,131
Unalaska	734.65	2,894,521	3,001,045	106,524	(42,594)	63,930
Valdez	1,439.12	5,670,133	5,878,805	208,672	(56,425)	152,247
Wrangell	749.87	2,954,488	3,063,219	108,731	0	108,731
Yakutat	369.84	1,457,170	1,510,796	53,626	(16,975)	36,651
Yukon Flats	1,145.11	4,511,733	4,677,774	166,041	(66,416)	99,625
Yukon/Koyukuk	1,577.72	6,216,217	6,444,986	228,769	0	228,769
Yupit	1,223.78	4,821,693	4,999,141	177,448	(70,979)	106,469
Alyeska Central School *	1,036.80	4,321,392	4,480,428	159,036	0	159,036
Mt. Edgecumbe High School	484.44	1,908,694	1,978,937	70,243	0	70,243
		26,096,100	0			
TOTAL	211,439.9	859,169,386	863,732,073	30,658,789	(1,713,810)	28,944,979

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks

Senate Standing Committees

Member: Finance
Member: Health, Education, &
Social Services (HESS)
Member: Legislative Budget & Audit
Member: State Affairs



During Session:
State Capitol Building
Juneau, Alaska 99801-1182
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Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
Website: www.garywilken.com
E-Mail: Senator_Gary_Wilken@legis.state.ak.us

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1851 Fox Ave
Fairbanks, Alaska 99701
Tel: (907) 451-5501
Fax: (907) 451-0438

SPONSOR STATEMENT

Senate Bill 1 Foundation Formula Increase

The State of Alaska's Public Education Funding Formula is based on a specific dollar amount per student. The base student allocation was established in 1998 (FY99) as \$3,940 per student and has not been increased since that time. Senate Bill 1 increases this allocation by \$145.00, increasing the per student dollar to \$4,085.

During the past 14 years, inflation has had an impact on public school funding and the purchasing power of the General Fund (GF) education dollars has slowly eroded over time. Although the State's contribution to the 53 school districts has increased 54% since FY88, the effect of annual inflation, as well as an increase in student enrollment has negated this growth, and indeed the purchasing power of the student dollar has been diminished.

The public school foundation program has lost 13.9% on a student dollar basis since FY88 due to the cumulative effect of annual inflation. Senate Bill 1 proposes to recoup this loss over a five-year time span. A 3.68% increase in the student dollar is recognized and the base student allocation in the public school funding formula is raised by \$144.99 or \$145.00. This amount was calculated as follows:

13.9%	Total loss of the per Student Dollar due to inflation since FY88

2.78%	This total loss divided by 5 for the suggestion of a 5-Year plan to restore the loss
+ .9%	Plus the inflation rate for FY01 in Anchorage, Alaska
3.68%	Total increase of the Student Dollar as proposed in SB 1

Supporters of a world class educational system for Alaska must agree that, while at the same time inflation is eroding the purchasing power of the student dollar,

**Sponsor Statement for Senate Bill 1
Foundation Formula Increase**

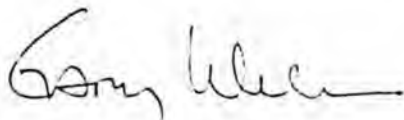
we Alaskans are asking our public schools to take on more and more responsibility in three general areas. First, many parents today regularly drop off their children at school early in the morning and pick them up after work. School personnel today provide not only classroom instruction for these students but also offer the emotional, social, and moral support needed before and after regular school hours at a level unheard of a generation or two ago. The increased time that a child spends at school naturally increases the responsibility of the local teachers and administrators.

Secondly, as performance standards and the corresponding assessments become a reality and are accepted as common place, each neighborhood school and classroom will be held more accountable for student learning. Children who need extra innovative instruction to master these standards will be identified and teachers will offer appropriate remedial learning opportunities. The added tutoring sessions necessary for some students may be offered within the regular school day or during a Saturday or summer school program. This added accountability is a step in the right direction, but it does have substantial impact on the financial resources of our local school districts.

Lastly, classroom teachers are on the frontline with our children and must be held accountable for their learning and performance. Alaska's young people deserve to be taught by the very best teachers possible. Alaska's school districts are faced with the responsibility of recruiting and retaining a highly qualified work force at a time when teachers are in short supply. This is not an easy task and, in some cases, the remoteness and isolation of an individual school make a difficult task even more difficult. The State has an obligation to provide adequate funding to all public school districts so that all school districts can hire and retain quality teachers.

Public education is faced with the unenviable position - greater responsibility with a reduction in the purchasing power of the student dollar. Alaska cannot continue to ask its 53 school districts to meet all these additional responsibilities with a dwindling budget, therefore additional funding is a necessity. The increase of \$145.00 per student as provided in Senate Bill 1 will assist our local school districts to meet, and hopefully exceed, the public's expectations and demands.

Please join me in endorsing Senate Bill 1.



Growth in the School Funding Formula

Comparison of Enrollment, Inflation, and Dollars

Fiscal Year	ADM ¹	ADM Inc.	Foundation Program ²	Foundation Increase	Per Student	Student Increase	Inflation Change ³	Per Student Inflation Adj.
FY88	101,142		\$437,438,400		\$4,325		0.4%	
FY89	101,442	0.3%	\$456,496,100	4.4%	\$4,500	4.0%	1.5%	\$4,342
FY90	104,035	2.6%	\$490,393,600	7.4%	\$4,714	4.7%	4.4%	\$4,533
FY91	108,168	4.0%	\$526,382,600	7.3%	\$4,866	3.2%	6.2%	\$4,814
FY92	113,348	4.8%	\$560,353,400	6.5%	\$4,944	1.6%	3.4%	\$4,978
FY93	116,652	2.9%	\$612,698,600	9.3%	\$5,252	6.2%	3.4%	\$5,147
FY94	119,673	2.6%	\$610,598,400	-0.3%	\$5,102	-2.9%	2.5%	\$5,276
FY95	120,752	0.9%	\$627,449,500	2.8%	\$5,196	1.8%	2.6%	\$5,413
FY96	122,897	1.8%	\$639,723,100	2.0%	\$5,205	0.2%	2.7%	\$5,559
FY97	124,545	1.3%	\$643,785,700	0.6%	\$5,169	-0.7%	2.3%	\$5,687
FY98	127,677	2.5%	\$652,353,800	1.3%	\$5,109	-1.2%	1.5%	\$5,773
FY99	129,968	1.8%	\$672,916,800	3.2%	\$5,178	1.3%	1.2%	\$5,842
FY00	129,948	0.0%	\$672,308,712	-0.1%	\$5,174	-0.1%	0.9%	\$5,894

Percent of Change FY88 to FY00:

ADM	28.5%
Foundation Program	53.7%
Dollar Per Student	19.6%

Summary of the Impact of Inflation:

Total Inflation FY88-FY00	33.0%
Loss of Per Student Dollar Due to Inflation	13.9%

1 ADM Totals do not include the Average Daily Membership for State ACS or Mt. Edgecumbe.

2 Foundation Program is the Actual Total Expenditures for the Foundation Program. It does not include State ACS or Mt. Edgecumbe. FY00 Foundation Program is the Authorized Amount.

3 Information as presented by the Department of Labor and Workforce Development (Mr. John Boucher.)

By: Karen Parr
Eileen Cummings
Bonnie Williams
Torie Foote
Nancy Webb
Rick Solle
Dave Veazey
Jim Holm
Guy Sattley
Tim Beck
Garry Hutchison
Introduces: 03/08/01
Adopted: 03/08/01

RESOLUTION NO. 2001 -13

A RESOLUTION SUPPORTING SENATE BILL 1, AN ACT RELATING TO THE BASE STUDENT ALLOCATION USED IN THE FORMULA FOR STATE FUNDING OF PUBLIC EDUCATION.

WHEREAS, the State of Alaska's Public Education Funding Formula is based on a specific dollar amount per student; and

WHEREAS, the public school foundation program has lost 13.9% on a student dollar basis since FY88 due to the cumulative effect of annual inflation; and

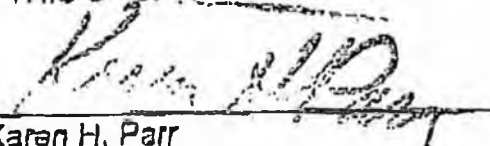
WHEREAS, Senate Bill 1 proposes to recoup this loss over a five year time span increasing the per student allocation by \$145 and adding over \$30 million to help fund Alaska schools; and

WHEREAS, proposals to give schools a one-shot supplement for this year instead, do not solve the problem of stable, equitable funding for school districts.

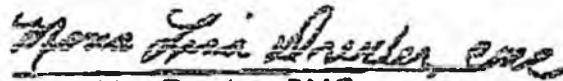
NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough fully supports Senate Bill 1 and recognizes that increased funding will assist school districts in meeting, and hopefully exceeding, the publics' expectations and demands for solid public education.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the Alaska State Legislature and the Honorable Tony Knowles, Governor, State of Alaska.

PASSED AND APPROVED THIS 8th OF MARCH 2001.


Karen H. Parr
Presiding Officer

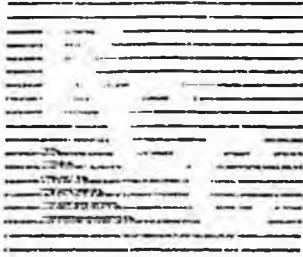
ATTEST:


Mona Lisa Drexler, CMC
Municipal Borough Clerk

Ayes: Williams, Webb, Foote, Sattley, Beck, Cummings, Hutchison, Holm, Solle, Veazey, Parr
Noes: None

RESOLUTION NO. 2001-13

Page 2 of 2



**KODIAK
CHAMBER
OF COMMERCE**

P. O. Box 1485, Kodiak Alaska 99615

(907) 486-5557

FAX: (907) 486-7605

Senator Gary Wilken
Alaska State Legislature
State Capitol, Room 514
Juneau, AK 99801-1182

March 02, 2001

Dear Senator Wilken,


The Board of Directors of the Kodiak Chamber of Commerce has voted to endorse and support your efforts to increase the level of state funding provided for education. Your proposed changes included in Senate Bill 1 to the base student allocation used in the formula for state funding for public education are right on target. You are to be commended for attempting to address this serious funding issue.

In Kodiak, the local contribution for education has risen from \$2,715,080 for Fiscal Year (FY) 1990 to \$6,679,085 in FY 2001. This represents a 246 percent increase in the local contribution. During that same time-period funding from the State of Alaska went from \$11,935,591 in FY 1990 to \$14,275,412 in FY2001. This represents a 20 percent increase in state funding. During this same time frame, inflation grew at a rate of approximately 33 percent. Consequently, funding for education has grown from 44% of the local general fund budget in FY 1991 to 67% of the general fund budget in FY 2000. All the while, funding for other general fund activities has been decreasing. As you can see from these numbers, the issue of funding for our education system is critical not only to the Kodiak community but to all communities in Alaska.

As the marketplace and job opportunities become ever more technical, we must be able to provide a strong educational foundation for our graduating students. The changes proposed by your bill go a long way in accomplishing this goal. Please know that the Kodiak Chamber of Commerce, its Board of Directors and our membership appreciate the efforts undertaken by you and your fellow legislators. We are working diligently to carry this message to our community. We are letting everyone in Kodiak know how important it is, that we support you in getting this bill passed.

The work you are doing on increasing the funding for education is genuinely appreciated.

Sincerely,



Darren J. Franz
President

Dedicated to Kodiak's Future

Introduced by: Manager Jensen
Requested by: Assembly
Drafted by: Manager Jensen
Introduced: 02/01/2001
Adopted: 02/01/2001

KODIAK ISLAND BOROUGH
RESOLUTION NO. 2001-03

A RESOLUTION OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
URGING THE TWENTY-SECOND ALASKA STATE LEGISLATURE TO INCREASE THE
EDUCATIONAL FORMULA FUNDING

WHEREAS, Article VII Section 1 of the Constitution of the State of Alaska states that the legislature shall establish and maintain a system of public schools; and

WHEREAS, provisions of Alaska Statutes Title 14 address financing of public schools through distribution of funds to school districts in the state foundation formula which has not been adjusted to adequately keep pace with annual cost of living and inflation adjustments; and

WHEREAS, the Twenty-Second Alaska State legislature has two bills filed, Senate Bill 1 relating to an increase in the base student allocation and Senate Bill 42 requiring annual inflation adjustments to the State foundation formula. Both Bills properly address school funding and future financing of public schools;

NOW, THEREFORE, BE IT RESOLVED THAT THE KODIAK ISLAND BOROUGH ASSEMBLY unanimously urges the Twenty-Second legislature to adopt Senate Bill 1 and Senate Bill 42.

ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
THIS FIRST DAY OF FEBRUARY, 2001



ATTEST:

Judith A. Nielsen
Judith A. Nielsen, CMC, Borough Clerk

KODIAK ISLAND BOROUGH

Robin Heinrichs
Robin Heinrichs, Borough Deputy Mayor