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FEB 11 2003

Alaska State Legislature

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

Committee on 26, dated 2-10-03
bill # / subject

I support HB 26. I feel this is a bare minimum increase. It is a fact of life that running and maintaning quality schools is exspensive. I am in full support of increasing spending on our schools. I would support giving up a portion of my PFD to increase funding for our schools.

The Kenai Pennisula is a very unique school district. The Funding Formula must be changed to address the unique needs of the Penninsula. Thank You for listening to my view

Signed: Thomas A. Moore
Testifier

Parent
Representing (optional)

P.O. Box 944 Kenai, AK. 99611/1220 Chinook Dr. Kenai
Address

(907)-283-9268
Phone number

FEB 11 2003

Alaska State Legislature

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

Committee on HB 26 Increase Education Funding, dated Feb.6, 2003
bill # / subject

HB 26 is VITAL to the Kenai Peninsula Borough School District.
Without this increase in education funding there will be
very drastic & devastating decisions made by our school board
concerning the 2003/2004 school year.
To be honest, without an increase to education funding, the
2003/2004 school year will be "The School Year from Hell"
I am certain that if you read the Peninsula Clarion newspaper
you will know what is in the future for KBPSD.
Thank YOU for your time & PLEASE VOTE YES on House Bill # 26

Signed: Steve Wright
Testifier

spwright@gci.net
Email

PO Box 4645 Soldotna, AK 99669
Address

262-7355
Phone number

Annual Base Allocation Amount to Keep up with Inflation since FY 1999.

1. The student base Allocation for FY 1999 was $3940. The FY 1999 allocation was appropriated in calendar year 1998.

2. ***The FY 2004 Base Student Allocation, to make up for inflation since FY 1999, should be $4,303.83.****

---

* Rates of Inflation According to Anchorage CPI – See U.S. Dept. of Labor's Website, www.bls.gov.

1998 - 1.45%
1999 – 1.02%
2000 – 1.68%
2001 – 2.84%
2002 – 1.93%
2003 – Not Available Until 2004.

Alaska's FY is roughly 6 months ahead of the calendar year. For example, we appropriate the FY 2004 school budget in mid-2003. So the following numbers use the CPI for the preceding year, that is, the year that inflation eats away at the funding amount. Thus, to account for the effect of inflation on FY 2001's appropriation, which was made in calendar year 2000, one would consider the inflation rate during calendar year 2000.

- FY 1999's Base Student Allocation was impacted by the Calendar year 1998 inflation rate of 1.45%. To make up for inflation, FY 2000's base Student Allocation should have been $3,997.13.

- FY 2000's Base Student Allocation was impacted by the Calendar year 1999 inflation rate of 1.02%. To make up for inflation, FY 2001's base Student Allocation should have been $4,037.90.

- FY 2001's Base Student Allocation was impacted by the Calendar year 2000 inflation rate of 1.68%. To make up for inflation, FY 2002's base Student Allocation should have been $4,105.74.

- FY 2002's Base Student Allocation was impacted by the Calendar year 2001 inflation rate of 2.84%. To make up for inflation, FY 2003's base Student Allocation should have been $4,222.34.

- FY 2003's Base Student Allocation was impacted by the Calendar year 2002 inflation rate of 1.93%. To make up for inflation, FY 2004's base Student Allocation should be $4,303.83.

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Data extracted on: February 4, 2003 (1:52:46 AM)

Consumer Price Index - All Urban Consumers

Series Id: CUURA427SA0,CUUSA427SA0
Not Seasonally Adjusted
Area: Anchorage, AK
Item: All items
Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2	Annual %.
1992													128.2	127.3	129.1	
1993													132.2	131.5	132.8	
1994													135.0	134.3	135.8	
1995													138.9	138.2	139.5	
1996													142.7	141.8	143.7	
1997													144.8	144.1	145.4	
1998													146.9	146.7	147.0	1.45%
1999													148.4	148.6	148.3	1.02%
2000													150.9	150.0	151.9	1.68%
2001													155.2	154.4	156.0	2.84%
2002													158.2	157.5	159.0	~~4.~~ 1.93%

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U.S. Bureau of Labor Statistics
Postal Square Building
2 Massachusetts Ave., NE
Washington, DC 20212-0001

Phone: (202) 691-5200
Fax-on-demand: (202) 691-6325
Data questions: blsdata_staff@bls.gov
Technical (web) questions: webmaster@bls.gov
Other comments: feedback@bls.gov

STATE OF ALASKA

Department of Education & Early Development
Education Support Services

FRANK H. MURKOWSKI GOVERNOR

Goldbelt Place
801 West 10th Street, Suite 200
Juneau, Alaska 99801-1894
(907) 465-2891
(907) 463-5279 Fax
Eddy_Jeans@eed.state.ak.us

TO: Representative Les Gara

FROM: Eddy Jeans
School Finance Manager

DATE: March 4, 2003

SUBJECT: Verification of Inflation Calculations

****

The Department of Education & Early Development reviewed your methodology for increasing the base student allocation based on the Anchorage Municipality Consumer Price Index for all Urban Consumers (CPI-U) annual percent change. We find that you carried your calculation to two places; the Department of Labor's web page displays one decimal place.

The department applied your annual percent changes to the base student allocation of $3,940 beginning with the fiscal year 1999, and find the calculations agree with yours.

If I can be of any further assistance or if you have any questions please do not hesitate to contact me at (907) 465-8679.

Attachments: Annual Inflation Amount to Base Allocation
Dept of Labor's CPI-U Web page

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

Proposed Adjustment To Base Allocation Amount to Keep up with Inflation since Current Foundation Formula Was Instituted In FY 1999.

1. The student base Allocation for FY 1999 was $3940. The FY 1999 allocation was appropriated in calendar year 1998.

2. ***The FY 2004 Base Student Allocation, to make up for inflation since FY 1999, should be $4,303.83.**** This assumes that last fiscal year's LOGs are rolled into the base student allocation.

---

* Rates of Inflation According to Anchorage CPI – See U.S. Dept. of Labor's Website, www.bls.gov.

1998 - 1.45%
1999 – 1.02%
2000 – 1.68%
2001 – 2.84%
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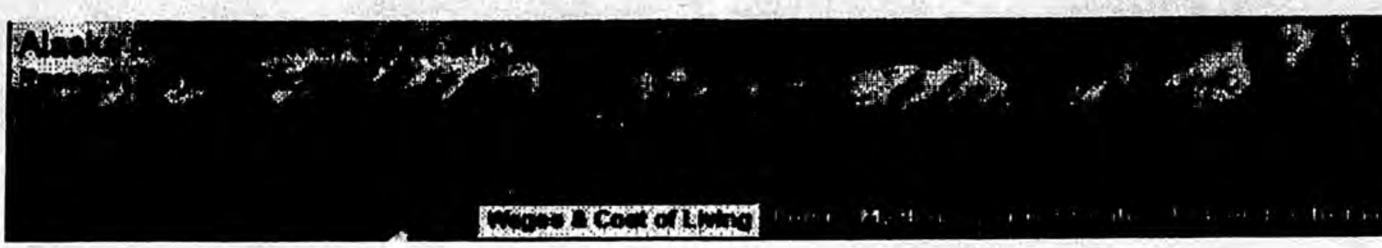
January-May: State Capitol • Juneau, AK 99801-1182 • (907) 465-2647 • Fax (907) 465-3518
June-December: 716 W. 4th Avenue • Anchorage, AK 99501• (907) 269-0106• Fax (907) 269-0109
Representative_Les_Gara@legis.state.ak.us

- FY 2002's Base Student Allocation was impacted by the Calendar year 2001 inflation rate of 2.84%. To make up for inflation, FY 2003's base Student Allocation should have been $4,222.34.

- FY 2003's Base Student Allocation was impacted by the Calendar year 2002 inflation rate of 1.93%. To make up for inflation, FY 2004's base Student Allocation should be $4,303.83.



Anchorage Municipality Consumer Price Index for All Urban Consumers (CPI-U) 1984-present

Year	1st Half (Jan-Jun)	2nd Half (Jul-Dec)	Annual Average	Annual Percent Change
2002	157.5	159.0	158.2	1.9%
2001	154.4	156.0	155.2	2.8%
2000	150.0	151.9	150.9	1.7%
1999	148.6	148.3	148.4	1.0%
1998	146.7	147.0	146.9	1.5%
1997	144.1	145.4	144.8	1.5%
1996	141.8	143.7	142.7	2.7%
1995	138.2	139.5	138.9	2.9%
1994	134.3	135.8	135.0	2.1%
1993	131.5	132.8	132.2	3.1%
1992	127.3	129.1	128.2	3.4%
1991	123.3	124.7	124.0	4.6%
1990	116.9	120.4	118.6	6.2%
1989	110.9	112.5	111.7	2.9%
1988	108.4	108.9	108.6	0.4%
1987	108.3	108.1	108.2	0.4%
1986	108.3	107.4	107.8	1.9%
1985	104.7	106.9	105.8	2.4%
1984	102.7	103.9	103.3	

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS).
Base: 1982-84=100 Last Update: 02/03/03

Email: us if you have questions or need more information.

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

SPONSOR STATEMENT-HB 26

HB 26, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date.

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 FY02 as $4010 per student. House Bill 105 increases this allocation by $118.00, increasing the per student dollar to $4,128.

Although the State's contribution to the 53 school districts has recently increased through the Foundation Formula and contributions to the Learning Opportunity Grants, the effect of annual inflation has negated this growth, and indeed the purchasing power of the student dollar has been diminished. School districts all over the state are budget trimming to cope with inflationary factors and new mandates under the Federal "No Child Left Behind Act". Often, cost saving measures are coming through the reduction and elimination of courses and student activities.

Public education is faced with the unenviable position of assuming greater responsibility with a reduction in the purchasing power of the student dollar. Alaska cannot continue to ask its 53 school district to meet all these additional responsibilities with a dwindling budget, therefore, additional funding is a necessity. The increase of $118.00 per student as provided in House Bill 26 will assist our local school districts to meet, and hopefully exceed, the public's expectations and demands.

Please join me in endorsing House Bill 26.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 26
() Publish Date:

Revision Date/Time (Note if correction):
Title "An Act relating to the base student allocation used in the formula for state funding of public education..."
Sponsor Representative Stevens
Requester Health, Education & Social Services

Dept. Affected: Education & Early Development
BRU K-12 Support
Component Foundation Program
Component No. 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	23,985.2					
Miscellaneous						
TOTAL OPERATING	23,985.2	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	23,985.2					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	23,985.2	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: [ ]

POSITIONS

Full-time						
Part-time						
Temporary						

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

This bill would increase the base student allocation of $4,010 by $118, resulting in a new amount of $4,128. (see attached spreadsheet)

Prepared by: Eddy Jeans, School Finance Manager — Phone 465-8679
Division: Education Support Services — Date/Time 2 3 03 10:57 AM
Approved by: Ed McLain, Deputy Commissioner — Date 02 3 2003
Agency: Department of Education and Early Development

(Revised 9/2002 OMB)

Department of Education and Early Development

Prepared by Mindy Lobaugh

Prepared 1/31/03

Increase Base Allocation to $4,128

School District	Increase to Basic Need	Change to Floor	Net Increase
Alaska Gateway	144,938	(57,975)	86,963
Aleutian Region	29,794	(11,918)	17,876
Aleutians East Borough	107,308	-	107,308
Anchorage	8,020,036	-	8,020,036
Annette Island	62,515	-	62,515
Bering Strait	631,772	-	631,772
Bristol Bay Borough	70,001	-	70,001
Chatham	65,188	-	65,188
Chugach	44,491	(17,636)	26,855
Copper River	158,280	-	158,280
Cordova	99,728	(4,228)	95,500
Craig	133,198	-	133,198
Delta/Greely	218,857	-	218,857
Denali Borough	97,745	-	97,745
Dillingham	124,523	(49,809)	74,714
Fairbanks N. Star Borou	2,606,701	-	2,606,701
Galena	419,313	(167,725)	251,588
Haines Borough	67,328	-	67,328
Hoonah	47,616	(19,046)	28,570
Hydaburg	22,001	-	22,001
Iditarod Area	127,858	(51,143)	76,715
Juneau Borough	886,732	-	886,732
Kake	37,510	(15,004)	22,506
Kashunamiut	100,308	-	100,308
Kenai Peninsula Boroug	1,696,165	-	1,696,165
Ketchikan Gateway Bor	411,133	-	411,133
Klawock	38,898	(3,039)	35,859
Kodiak Island Borough	532,371	-	532,371
Kuspuk	166,078	(32,127)	133,951
Lake & Peninsula Borou	174,744	3,446	178,190
Lower Kuskokwim	1,210,839	(484,336)	726,503
Lower Yukon	646,306	-	646,306
Mat-Su Borough	2,401,983	-	2,401,983
Nenana	105,108	-	105,108
Nome	175,012	-	175,012
North Slope Borough	565,524	-	565,524
Northwest Arctic Borou	681,394	-	681,394
Pelican	7,823	(3,129)	4,694
Petersburg	120,407	-	120,407
Pribilof	47,146	(17,928)	29,218
Sitka Borough	265,139	-	265,139
Skagway	28,673	-	28,673
Southeast Island	71,690	(15,446)	56,244
Southwest Region	244,727	-	244,727
St. Mary's	55,886	-	55,886
Tanana	26,246	(10,498)	15,748
Unalaska	99,483	(39,794)	59,689
Valdez	176,710	(70,684)	106,026
Wrangell	79,942	-	79,942
Yakutat	31,982	-	31,982
Yukon Flats	130,466	-	130,466
Yukon/Koyukuk	231,971	(2,663)	229,308
Yupiit	137,859	-	137,859
Alyeska Central School	113,280	-	113,280
Mt. Edgecumbe High Sc	57,164	-	57,164
TOTALS:	**25,055,890**	**(1,070,682)**	**23,985,208**

Sharon M. Brower
48570 North Earl Drive
Kenai, Alaska 99611

February 4, 2003

To the Members of the Alaska Legislature:

I wish to share some concerns about the current status of our education system. HB 19, and HB 26 are the most recent efforts to address the deterioration of a once enviable effort to prepare our students for life in this state and country.

I am very proud of the efforts of this borough to maintain the value of education. As our state ages and we lose the quotient of the population that produces infants and increase the portion that would grandparent or mentor those same children, we seem to have mired ourselves in a fear filled and rebellious space that does not want to pay for anything other than our immediate wants and needs. We struggle against anything that might cause us to pay for any portion of our life style. We rail against the increasing cost of raising and educating those same children that we profess to be our most renewable resource. We say that those nurturing folks that care either in the home or schools for our children should do so, because of altruistic notions or hormones. "Stay-at-home" parents, Daycare workers, and Teachers struggle for value in our society.

In this state at this time, we are looking for a way to bring industry or businesses to subsidize our tax base and provide a stable income to our residents. I would suggest that we look at the vehicle of "Education" as that desirable industry or business. I would ask that the legislature subsidize our state to the minimum of $4500.00 in the foundation formula. I would ask that we offer not only the "leave no child behind" goals but that we support the maintenance of our vocational education so that the 75% of our non collegiate students leave our system with a marketable skill as well as an understanding of what the employers require of employees.

To support this system will increase the desirability of our state as a place to live and raise our families. Teachers are an asset to each and every community. We are in a deficit income statewide but to continue to destroy our education system and increase our penal system is neither cost effective nor is it morally. I would support a tax to subsidize academic, vocational and art enhanced education as our primary focus, statewide.

Sincerely,

Sharon M. Brower

Sharon M. Brower
gowoman@alaska.net
(907) 776-8775

Kodiak Island Borough School District

Resolution #023-005
In Support of Increased State Funding for Education

WHEREAS, the Kodiak Island Borough School District is dependent upon the State of Alaska for the majority of district revenues; and

WHEREAS, the State of Alaska Foundation Formula is not inflation proofed; and

WHEREAS, the rate of inflation based on the Anchorage CPI-U has increased 36% since 1990; and

WHEREAS, the state per pupil funding to the Kodiak Island Borough School District has increased by only \$190.63 per pupil or 3.56% since 1990; and

WHEREAS, the State of Alaska provided 79.55% of the Kodiak Island Borough School District's total revenue in 1990; and

WHEREAS, the State of Alaska provides only 60.62% of the Kodiak Island Borough School District's total revenue in 2003; and

WHEREAS, the Kodiak Island Borough is limited in its ability to raise and contribute local revenues; and

WHEREAS, the Kodiak Island Borough School District is facing a \$1,580,971 deficit in a \$27,285,138 budget; and

WHEREAS, without significant additional State funding, the Kodiak Island Borough School District will be forced to make drastic cuts that will negatively impact educational programs for children on Kodiak Island,

NOW, THEREFORE BE IT RESOLVED, that the Kodiak Island Borough School District Board of Education supports a significant increase to the Base Student Allocation Value within the Foundation Formula.

Adopted this 27th day of January, 2003.

Roy Brown, President
Kodiak Island Borough School District
Board of Education

<u>Amendment</u>

To: House Bill 26

By Representative Gara

Page One, line 6: <u>$4,303</u> [$4010].

<u>Amendment</u>

By Representative Gara

To: House Bill 26

Page One, line 6: <u>$4,228</u> [$4010].

23-LS0138\A.1
Ford
2/4/03

AMENDMENT

OFFERED IN THE HOUSE REPRESENTATIVE KAPSNER

TO: HB 26

Page 1, line 6, following ".":

Insert "**However, beginning January 1, 2004, the department shall annually, on July 1, increase the base student allocation to the extent of increases during the second preceding fiscal year in the Consumer Price Index for all urban consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor. The index for January 2002 is the reference base index.**"

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Report

To the
Governor

and
State Board of Education & Early Development

From the
Education Funding Task Force

February 1, 2001

Letter of Transmittal

February 1, 2001

Dear Governor Knowles and Members of the State Board of Education:

The Education Funding Task Force is pleased to present this report to you.

On December 8, 2000, Governor Tony Knowles gave this Task Force the formidable job of recommending to you and the State Board of Education & Early Development a five-year plan to fulfill the goals of the Alaska Quality Schools Initiative (QSI), your administration's major school reform plan.

We firmly believe in the promise of the QSI. It is based on challenging student performance standards and clear accountability measures for schools and students. It also is an excellent and important blueprint for a bright future for Alaska's young people and developing a competent workforce for Alaska.

Two major factors provided the framework for the task force's discussions and ultimately our recommendations: increased student learning and performance; and increased school accountability. The goal was to increase student performance through a variety of new programs tied to school accountability.

Our eleven task force members met six times to examine the challenges facing our schools in implementing the QSI over the next half decade. We examined extensive data and have concluded that schools need considerable financial support above current levels.

We hope you and the State Board will favorably consider our report. We are available to work with you in an effort to implement the recommendations described in this report.

Sincerely,

Bob Weinstein

Bob Weinstein, Chair

Roger Chan, Vice Chair

A+

Report

Education Funding Task Force

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Narrative

Charts

A+

Executive Summary

Appointment and Charge

On December 8, 2000, Governor Tony Knowles appointed his Education Funding Task Force "as the next step toward fulfilling the goals of his Quality Schools Initiative." He asked the task force to develop a five-year funding plan and report back to the governor and State Board of Education & Early Development by February 1, 2001.

Guiding Principles

1. Alaska adopted the Quality Schools Initiative with the belief that ***ALL*** children can reach higher standards. Furthermore, the Quality Schools Initiative offers the promise that no child will be left behind. This is an enormous undertaking and is the first time Alaska has made such a promise to all children.
2. In conducting its work, the task force followed a four-point framework: Quality, Performance, Fairness, and Accountability.
3. The goal was to increase student performance through a variety of new programs tied directly to holding schools accountable for increased student performance.

Findings

1. A general loss of purchasing power has resulted in schools not being able to maintain an appropriate level of education services, including
   a. updating appropriate and necessary instructional materials,
   b. aligning curriculum and lesson plans,
   c. maintaining facilities,
   d. providing direct student intervention,
   e. meeting the needs of Alaska's unique and increasingly diverse student population, or
   f. providing competitive salaries and benefits to attract and retain teachers.

2. As a result, it is likely that many students have not had the opportunity to meet higher state academic standards.

Recommendations

1. Funds need to be appropriated through the foundation program. First year funds total $34.6 million, with approximately a 1.5% increase each additional year. The base student allocation in the foundation program would increase by $164 per student for the first year. Total per student increase over the five-year plan would be $414. New programs are being recommended to update

2. instructional materials, to align curriculum to state standards, increase teacher salaries, to maintain facilities, keep up with the costs of serving special needs students, and provide direct service intervention for students not meeting standards.

3. Funds need to be appropriated outside the foundation program. The cost is estimated at $7 million for year one, increasing slightly each year to $8.6 million in year 5. Programs include rewards for exemplary schools, creating a center to analyze data, perform research and assist low performing schools, and to provide distance delivered core courses to small high schools.

4. Funding is needed to attract and keep new teachers. A teacher loan assumption plan will cost $800,000 in the first year, increasing annually as more teachers are attracted into the schools. In addition, the task force recommends investigating placing all teachers in Tier One of the Teacher Retirement System.

5. The task force recommends the following regarding the foundation program:
   a. seek funds necessary to develop a new and appropriate methodology, and prepare statistically defensible district cost factors, and
   b. suspend the reduction of the funding floor pending the new district cost factor study.

Conclusions

The task force recommends an increase of $42.4 million in year one of the five-year plan. If all recommendations are funded, year five spending will be $100.3 million more than we are spending today, excluding new enrollment. The task force strongly recommends that with any new funds schools be held accountable for measurable gains in student performance.

The task force expressed its firm belief in the promise of the Quality Schools Initiative, which is based on challenging student performance standards and clear accountability measures for schools and students.

The task force recognized that schools need the understanding and support of their communities to accomplish their mission successfully and recommended that schools, working in conjunction with parents, and state and local agencies, develop clearer policies on student attendance and other student behaviors key to academic success.

The task force offered to help the governor and State Board of Education & Early Development secure funding for the recommendations described in this report.

I. Introduction

On December 8, 2000, Governor Tony Knowles announced the appointment of an Education Funding Task Force as his next step in fulfilling the goals of his Quality Schools Initiative. The 11-member task force included:

- Carl Marrs, president and CEO, Cook Inlet Region Inc.;
- Janice Louden, president, Alaska Parent-Teacher Association;
- Jim Palmer, vice president, BP Exploration;
- Bob Weinstein, mayor, City of Ketchikan;
- Rich Kronberg, president, NEA-Alaska;
- Carl Rose, executive director, Association of Alaska School Boards;
- Roger Chan, vice president and chief financial officer, VECO, Corp.;
- Pat Abney, Anchorage assembly member and longtime teacher;
- Darroll Hargraves, executive director, Alaska Council of School Administrators;
- Roy Nageak, State Board of Education & Early Development; and
- Ernie Hall, State Board of Education & Early Development.

With the appointment of the Education Funding Task Force the Governor offered the following mission statement to guide the task force effort:

> *The task force will recommend to the governor and the state Board of Education & Early Development a five-year funding plan to meet the primary goal of the Quality Schools Initiative, which is to prepare all Alaska students for a successful future. The task force recommendations will be based upon, but not limited to, the best available information on funding issues such as the impact of inflation on education in Alaska, including the education workforce; the cost of remedial efforts like summer school, individual tutoring, and academic assistance before and after school; the cost of extending the school year to achieve more time on task; and other programs proven to improve student learning.*

The task force, in conducting its work, built a framework around four important principles:

- **Quality,**
- **Performance,**
- **Fairness** and
- **Accountability.**

These principles were linked to task force recommendations, especially those that involve increased funding for schools. Further, when considering recommendations members of the task force recognized the tremendous diversity of students and geography that exist in Alaska, the strong commitment to local control of public schools, and the wide variation of student performance.

The task force members believe that, in determining excellence for all students, the measurement of accomplishment must be based on achievement results appropriately determined by our current standards-based assessments and nationally norm-referenced examinations. In summary, the task force recommended that **schools be held accountable by demonstrating academic progress for all students based on achievement data**

The task force recommendations are separated into two major categories: (a) programs funded by adding dollars to the school foundation formula (entitled Excellence in Schools); and (b) programs funded outside the school foundation formula (entitled Funds Earmarked for Improving Academic Performance of Students). The task force also offers its reactions to the report of the Department of Education & Early Development entitled *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* (January 15, 2001).

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II. Excellence in Schools

The task force recommended an infusion of new funds into the foundation formula to address the goal of providing a quality education for all students.

Members recognized a general loss of purchasing power has resulted in schools not being able to maintain an appropriate level of education services, including

a. updating appropriate and necessary instructional materials,
b. aligning curriculum and lesson plans,
c. maintaining facilities,
d. providing direct student intervention,
e. meeting the needs of Alaska's unique and increasingly diverse student population, or
f. providing competitive salaries and benefits to attract and retain teachers.

The task force believes that local school boards are in the best position to decide how to distribute increased foundation funds. School boards understand local conditions and are responsible for deciding how best to reach the goal of educating all students to high standards. The task force endorsed the concept of "educational adequacy" as outlined in *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* (January 15, 2001) as one that "provides all students opportunities to acquire the knowledge and skills necessary to prepare them to take a productive role in society."

While considering the impact on schools of the loss of purchasing power over the past decade, **the task fore linked recommendations for new educational funding to thecosts of educating all students to high academic standarThe** task force identified several key components for demonstrating the need for additional funds distributed through the foundation formula. The base student allocation in the foundation program (AS 14.17.470) would increase by $164 per student for the first year of the plan and by an additional $63 in year five of the plan. Total per student increase over the five years would be $414.

The chart below outlines the justification for additional funds over a five-year period.

Annual Foundation Formula Funding
(Dollars In Millions)

Item	FY2002 Year 1	FY2003 Year 2	FY 2004 Year 3	FY05 Year 4	FY06 Year 5
Instructional Materials	5.4	5.4	5.4	5.4	5.4
Curriculum Alignment	0.5	0.5	0.0	0.0	0.0
Special Needs Students	5.3	5.3	5.3	5.3	5.3
Direct Student Intervention	10.0	10.0	10.0	10.0	10.0
Facilities Upkeep	4.0	8.0	12.0	16.0	20.0
Teacher Salaries	9.4	18.8	28.2	37.6	47.0
Total	34.6	48.0	60.9	74.3	87.7
Increase Over Prior Year		13.4	12.9	13.4	13.4
Increase In Per Pupil Allocation (in dollars)	$164	$63	$61	$63	$63
FY2001 Per Pupil Allotment = $3,940	$4,104	$4,167	$4,228	$4,291	$4,354
% Increase Over Prior Year	4.16	1.54	1.46	1.49	1.47

The recommendations for programs needed under the foundation program are:

- **Instructional Materials** Schools have a general lack of available and up-to-date textbooks, appropriate technology, and general classroom supplies. It is not uncommon for students in Alaska's schools to share textbooks or for schools to possess books copyrighted in the 1970s and 1980s. In addition, costs for instruction materials have not remained static over that time; some costs have increased 20-, 25-, and 30-percent and more since the early 1990s. The task force recommended an increase of $5.4 million per year to the foundation formula to update instructional materials in our schools. The task force recommendation is based on multiplying Alaska's 135,000 students by an average cost of $40 per textbook. (135,000 students x $40 per textbook = $5.4 million).

- **Curriculum Alignment** Schools need to carefully align curriculum to the state adopted performance standards in order for students to have the opportunity to learn so they can be successful on state examinations. This seemingly simple task is actually a radical departure in the usual way schools deliver instruction. To accomplish this, schools will not only need to align their language arts and math curriculum to state standards, they will need to integrate those standards into all curriculum areas, such as science, social studies, the arts, and other subjects. The task force estimates a cost of $1 million over two years, at $500,000 per year, to complete the curriculum alignment.

- **Special Needs Students**- Over the past decade, schools experienced continued growth in the number of students with disabilities and students with a primary language other than English. In addition, more students are being identified with more severe disabilities, like autism, which require more extensive services. The task force concluded that the 20% block grant fails to sufficiently address this growth. The growth occurs in districts with declining as well as stable enrollment. Students with special needs continue to represent a larger percentage of the total Alaska student body. Due to state and federal requirements, the costs of providing education services to the growing numbers of special needs students, including gifted and talented, special education, and bilingual students, reduces funding for regular instruction. For example, during 1987-88 some 2,265 bilingual students speaking 55 different languages attended Anchorage schools alone. By September 2000, that number had more than doubled to 4,831 students speaking 87 different languages. Through an increase to the per student allocation, additional funds would automatically be available to support students with unique needs through the 20% block grant in the foundation program. The task force recommends a first year appropriation of $5.3 million to meet this growing demand and equal appropriations over the remaining four years of the plan.

- **Direct Student Intervention Programs**Because of the diverse student needs around the state, a single intervention program can not be prescribed for each school offering extended learning activities targeted at bringing students up to state standards and those at risk of not passing benchmark and high school exams. Programs could include summer schools, extended day and tutorial programs, classes beyond the traditional course offerings to assist students in acquiring the essential skills, and other unique learning activities determined at a local school level. The task force recommends increases of $10 million per year for funding this program. The funding would be distributed contingent upon an accountability component within the foundation program requiring districts to demonstrate a positive impact on student achievement. The

$10 million was derived from estimating that 250 schools would offer one-third of all students (44,000) a summer school program at an average cost per program of $40,000. (250 schools x $40,000 per program = $10 million).

- **Facilities Upkeep-** Ample evidence suggests new funds need to be budgeted to ensure the preservation of school facilities and the general upkeep of facilities. The lack of sufficient funding has caused districts to either divert instructional dollars to maintenance, defer critical maintenance, or both. As the age of school facilities continues to increase, districts must spend more dollars on operation and maintenance. Task force members adopted the model of good business practices followed by business and industry to allocate 5% of the replacement value of facilities for operation and maintenance. Excluding facilities less than five years old, the statewide total replacement value of public school facilities is $3.6 billion. The schools expended $161 million, through legislative, local and federal funds, for operation and maintenance of facilities in FY 1999. That amount is $20 million short of the 5% industry practice. The task force recommends that schools adopt industry standards in this area. To do so, the task force recommends an increase of $20 million over five years, at a rate of $4 million per year.

- **Teacher Recruitment/Retention**Alaska's colleges and universities supply about 30% of our state's annual demand for new teachers. More than two-thirds of new teachers come from out-of-state. A national shortage of teachers and administrators forces Alaska to compete with other states for an ever-shrinking pool of applicants. Other states are offering teachers signing bonuses, down payment on homes, mortgage subsidies, and student loan repayment plans. One California school district attended Alaska's fall Teacher Job Fair offering signing bonuses of $1,000 for regular teachers and $3,000 for special education teachers. With attractive salaries and incentives in their home states, far fewer out-of-state teachers are applying for available Alaska teaching positions, some of which go vacant for a year or more. Three important areas need immediate consideration:

  - **Teacher Salaries-**Alaska teacher average salaries have dropped from the highest in the nation to the eighth position. For the 10-year period from FY90 to FY 2000, the teacher average salary stated in constant dollars decreased 11.7% and is the largest decrease in the nation during this time period. (*Alaska's Public School Funding Formula: A Report to the Alaska State Legislature,* Jan. 15, 2001). The task force recommends providing funds to allow local school

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boards to adjust teacher salaries to a competitive level. The amount of funding needed for this effort would be the equivalent of a 2% increase over the current teacher average salary of $47,262 over each of the next five years. This will require first year costs of $9.4 million, cumulative annually, over the remaining four years of the plan.

- **Teacher Retirement** The current Tier Two of the Teacher Retirement System (TRS) retirement plan removes a critical incentive for teachers to teach in Alaska and remain. The loss of paid individual and dependent medical coverage as part of the Tier Two TRS package was and remains an important factor for teachers considering and continuing an educational career in Alaska. **The task force recommends that the governor and State Board of Education & Early Development investigate eliminating Tier Two under the TRS, and placing all teachers, including new teachers, into the Tier One systm.** Because of the short timeline required for this report, TRS was unable to provide cost estimates sufficient for the task force to make a specific funding recommendation on this item.

- **Student Loan Assumption** The task force recommends that the state implement a student loan assumption program as key to attracting and retaining teachers. The program would be available to all new teachers in Alaska, regardless of the postsecondary school where teachers earned their teaching degree or the entities from which teachers borrowed their student loans. Loans would be repaid at the rate of $2,000 per year up to a maximum of $10,000. Teachers would need to teach for five consecutive years in order to realize the maximum benefit under this plan. The task force estimated a first year cost of $800,000, and the same amount, cumulative, over the remaining four years of the plan. The Alaska Commission on Postsecondary Education may be the appropriate agency to administer this program. The funding recommendation is derived from the assumption that one-third, or 400, of the 1,200 new teachers hired each year would be eligible under the loan assumption program. (400 teachers x $2,000 loan assumption = $800,000 per year). The chart below summarizes the additional funds recommended over a five-year period.

Annual Funding For Teacher Loan Assumption
(Dollars In Millions)

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Item	Year 1	Year 2	Year 3	Year 4	Year 5
Loan Assumption	0.8	1.6	2.4	3.2	4.0

Reaction to SB36 Report to the Legislature

The task force reviewed *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature* presented by the Department of Education & Early Development to the legislature on January 15, 2001 and concluded:

- **District Cost Factors** The task force agreed that the current district cost factor methodology is flawed because it is based on what school districts spent over time, and during a time of scarcity, rather than on the actual costs of operating schools. **The task force recommends the governor seek funds necessary to developnew and appropriate methodology, and prepare statistically defensible district cost factors.** Until this new study is completed and implemented, the current cost factors should be maintained.

- **Old versus New Formula The task force recommends suspending the reduction of the funding floor pending the new district cost factor study.** The committee reached this conclusion based, in part, on the acknowledgement by the Department of Education & Early Development that the non-applicability of the current (or former) district cost factor methodology in turn causes the reduction in the funding floor to be suspect. The task force also agreed that the foundation program needs a hold harmless provision for districts that experience substantial student enrollment declines. The hold harmless provision should apply when a district loses five percent of its enrollment in a single year, or 10% over two years, rather than the 10% enrollment reduction in one year as suggested in the publication *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature.*

- **Education Adequacy** The task force concludes that, while school districts have consistently received additional foundation support for increased enrollment, school districts have clearly lost purchasing power over the past decade due to significant increases in costs. It is important to note that the task force recommendations address the eight components for an adequate education listed in the publication *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature,* tab three, page two.

III. Improving the Academic Performance of Students

Task force members recommended additional programs and funds over five years be made available beyond the foundation program to address the specific needs of students at risk of not passing the High School Graduation Qualifying Examination or not meeting proficiency levels on the standards-based Benchmark Examinations at grades three, six and eight. These funds would be allocated at $7 million the first year; $7.4 million, the second year; $7.8 million, the third; $8.2 million, the fourth; and $8.6 million, the final year.

In the opinion of task force members, early intervention for students not meeting proficiency levels is key to achieving the primary goal of preparing all Alaska students for a successful future. Early intervention also will keep students on track during their school careers to ultimately pass the high school exam. The foundation program, as currently conceived, needs to provide the funds to deliver an essential education to all students. However, in recognition of our goal to educate all students to high standards, additional funds must be made available outside the foundation program for the extra learning opportunities to achieve this goal.

The task force recommends that the continued access of school districts to the funds outlined in this section of the report be allowed only if schools demonstrate student progress toward the goal of preparing all Alaska students for a successful future. Schools would demonstrate progress by showing student gains on the benchmark and high school exams, as well as on the state required norm-referenced test. Schools that could not show student academic achievement gains over a prescribed period would be denied access to the funds. Under this scenario, future funding would be linked, in part, on the school's capacity to report achievement data and outline specific uses for the funds. In short, schools would be held accountable for the design of their programs and required to report student achievement data to demonstrate the effectiveness of the local initiative in order to access future funds.

The chart below outlines justification of additional funds for improving academic performance over the next five years.

Annual Non-Formula Funding
(Dollars In Millions)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Incentives for High Performing Schools	2.0	2.4	2.8	3.2	3.6
Center for School Excellence	2.0	2.2	2.4	2.6	2.8
Assistance for Low Performing Schools	2.0	1.8	1.6	1.4	1.2
Distance Delivered Courses	1.0	1.0	1.0	1.0	1.0
Total	7.0	7.4	7.8	8.2	8.6
Increase Compared To Prior Year		0.4	0.4	0.4	0.4

The task force proposed targeting funds outside the foundation program in four areas:

- **Incentives for High Performing Schools**Based on the state school designator system, schools identified as distinguished would earn financial incentives. Awards would range from $10,000 to $100,000 annually depending on the type and size of school. The task force recommends $2 million in funding for the first year of the plan. With $400,000 increases cumulative annually, year five funding would be $3.6 million. The reason for the increase is the expectation that a growing number of schools annually will reach the goal of improving student achievement. Over time, they will receive the state designation as a distinguished school, making them eligible for this program. The recommended first year funding was derived from the assumption that 50 schools would be designated distinguished and each school would receive an incentive averaging $40,000. (50 schools x $40,000 incentive = $2 million). The task force estimated 10 additional schools would be designated distinguished each year.

- **Center For School Excellnce** -The Center for School Excellence will provide technical assistance to schools, analyze data on school improvement and student achievement, and conduct research to determine the effectiveness of efforts to improve instruction for all students. The center would place a priority on low-performing schools.

The center would be formed using a consortium model and be comprised of school districts, the Department of Education & Early Development, public and private Alaska universities, employers, professional education organizations and other entities. While the center would have only a modest number of full-time staff, the training cadre would be supplemented with contract staff matched to the particular need of the school requesting assistance. The task force recommends funding the center at $2 million in the first year with $200,000 annual increases. The task force also recommends the state explore increasing the capacity of the Department of Education & Early Development to gather data from schools, which the center will use for analysis and research, and to provide assistance for schools.

- **Assistance for Low Performing Schools** Schools designated as low performing would be able to access funds based on a plan of improvement approved by the State Board of Education & Early Development. Awards would range from $10,000 to $100,000 annually depending on the type and size of school. The task force recommends funding this program at $2 million the first year and decreasing the appropriation by $200,000 each year over the remaining four years of the plan. The reason for the decrease in funding is the expectation that fewer numbers of schools annually will receive the state designation as a low-performing school, making fewer schools eligible for this program. The recommended first year funding was derived from the assumption that 50 schools would be designated in-crisis in the initial year, and each in-crisis school would receive an incentive averaging $40,000 for assistance. (50 schools x $40,000 in assistance = $2 million). The task force estimated five fewer schools would be designated in-crisis each year. The Center for School Excellence would be available to assist the in-crisis schools.

- **Distance Delivered Courses** Distance delivered core courses based on state standards need to be offered to high schools with fewer than 50 students. Courses developed and offered by Alyeska Central School would support students and teachers in these high schools. The courses would enable students to have better access to subject matter specialists while still having on-site teachers serve as facilitators and coaches to make sure students get the extra help they need. These courses would be offered free to qualifying schools. The task force recommends funding this program at $1 million per year.

IV. Conclusion- Continuous Improvement

Alaska adopted the Quality Schools Initiative with the understanding that ***ALL*** children can reach higher standards. Furthermore, the Quality Schools Initiative promises that no child will be left behind. This indeed is an enormous undertaking and is the first time the State of Alaska has made such a promise to ***all*** children.

That promise means every child will read, write and do math at higher levels than ever before. It means schools and parents will no longer let children move through the grades without gaining essential skills along the way. It means more children will have a bright future and will become good citizens.

It means Alaska's policy makers need to follow through and provide the support and necessary resources that teachers and schools need in order for Alaska to make good on its promise to youth.

Members of the task force recognized from the outset the challenge in estimating the funds needed to educate ***all*** Alaska students to high standards. In structuring the assignment for the task force, members relied on the staff of the Department of Education & Early Development to provide extensive background information. Issues related to prior statutory amendments to the foundation formula, cost-of-doing-business in relationship to annual allocations of funds through the formula, analyses of district expenditures of funds, and individual and professional experiences all played a significant role in the formulation of the recommendations.

Task force members extensively examined the recent report entitled *Alaska's Public School Funding Formula: A Report to the Alaska State Legislature*. In reviewing the report, the task force

- agreed that districts had lost purchasing power;
- concluded that a new methodology needs to be determined to more precisely fund the cost-of-doing-business in each Alaska community; and
- recognized that the foundation formula's funding floor reduction should be suspended until a new district cost factor study is conducted and fully implemented.

Task force members support local control of school districts and believe that local decisions are best made at the local level. Members agreed that the majority of any funding increase should be tied directly to the foundation formula for distribution. Members believed just as strongly that **any new funds, whether distributed through the formula or otherwise allocated, should be strictly linked to improvement in student academic achievement and school accountability.**

The task force members also concluded that funds outside the foundation formula be targeted for specific school purposes. These funds will provide

- additional learning opportunities for students,
- enable school districts to accelerate curriculum alignment and train teachers to the standards-based system,
- reward schools making significant gains in student achievement,
- provide financial assistance for schools experiencing the greatest difficulties, and
- supplement course offerings in the smallest of Alaska's high schools.

The task force also recognizes that schools need the understanding and support of their communities to accomplish their mission successfully. Task force members recommend that schools, working in conjunction with parents, and state and local agencies, develop clearer policies on student attendance and other student behaviors key to academic success.

The task force encourages the governor and members of the State Board of Education & Early Development to look favorably on the recommendations presented and aggressively seek the additional programs and funds outlined in this report.

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V. Appendix

Cost Comparisons For Schools

- In 1993, Kodiak paid $12.95 each for a first grade math textbook. In 2001, the same textbook cost the district $19.98 each, a 54% increase.
- In 1988, Anchorage School District's share of its employee major medical policy was $2.4 million. In 2001, the district's share increased to $5.1 million, a 113% spike.
- In 1993, Yukon Koyukuk School District paid $25.90 each for a math textbook. In 2000, the same book cost the district $47.49 each, an 83% increase.
- In 1990, Petersburg School District paid an annual fuel and electric bill of $325,000. In 2000, the fuel and electric bill was $433,000, more than a 33% hike. Over the same time period, Petersburg constructed no new school buildings.
- In 1990, Kodiak High School paid an annual electric bill of $118,600. In 1999, the same school paid $139,000, a 17% increase.
- In 1990, Yukon Koyukuk School District paid an annual electric bill of $243,557. In 2000, the district's electric bill climbed to $378,922, a 56% increase.
- In 1990, Kodiak School District paid 78-cents a gallon for heating fuel. In 2001, costs jumped to $1.40 a gallon, a 79% spike.
- In 1993, a sixth grade English textbook cost the Anchorage School District $22.44. In 2001, the same textbook cost $35.88, almost a 60% increase.
- On January 22, 2001, a local supply company notified Kodiak School District of upcoming 6% to 8% increases in the cost of paper towels, toilet paper and trash can liners. The company warned additional increases are probable beginning in the summer of 2001.
- In 1990, Yukon Koyukuk School District paid an annual bill for fuel oil of $175,507. By 2000, the district paid $201,439 for the same product, a 15% increase
- In 1990, Petersburg School District paid $277,000 for its employee health care package. In 2000, the district paid $341,000, more than a 23% increase, plus the district now is partially self-insured.
- In 1990, Kodiak School District paid $402 for each employee's family health coverage. In 2001, the cost for the same policy increased to $865, a 115% increase.
- In 1992, Anchorage School District paid $3.9 million for ruled newsprint paper for grades one and two. In 2001, the district paid $5.7 million for the same product, a 46% increase.
- In 1990, Yukon Koyukuk School District paid an annual bill for water and sewer of $57,840. In 2000, that increased to $80, 773, a 40% increase.

Average Age in Years of School Facilities
Department of Education & Ely Development

Year	Average Age in Years
1990	19
1992	20
1994	22
1996	23
1998	24
2000	26

OFFICE OF THE GOVERNOR
Press Releases

KNOWLES NAMES EDUCATION FUNDING PANEL
Education, Business, Elected Leaders to Draft 5-Year Plan for Student Success

As the next step toward fulfilling the goals of his Quality Schools Initiative, Gov. Tony Knowles today appointed 11 Alaskans to an Education Funding Task Force. The task force will recommend to the governor and the State Board of Education & Early Development a five-year funding plan to fulfill the goals of the Quality Schools Initiative and improve education in Alaska.

"This is an outstanding group of Alaskans and I'm pleased they've agreed to serve," Knowles said. "Their task is vitally important--making sure our schools have the resources necessary to improve student achievement and success.

"Alaskans have agreed to raise academic standards, require important tests with responsible timelines and demand accountability if schools aren't measuring up," Knowles added. "Obviously, it's critical to provide adequate resources for schools to do the job."

The panel will report to the governor and the board by Feb. 1 so the first-year funding recommendation can be submitted to the Legislature for inclusion in the upcoming budget cycle.

The task force members are:

- Carl Marrs, president and CEO of Cook Inlet Region Inc.;
- Janice Louden, president of the Alaska Parent-Teacher Association;
- Jim Palmer, vice president of BP Exploration;
- Bob Weinstein, City of Ketchikan mayor and a former school superintendent;
- Rich Kronberg, president of NEA-Alaska;
- Carl Rose, executive director of the Association of Alaska School Boards;
- Roger Chan, vice president and chief financial officer, VECO, Corp.
- Pat Abney, Anchorage assembly member and a longtime teacher;
- Darroll Hargraves, director of the Alaska Council of School Administrators;
- Roy Nageak, first vice chair, State Board of Education and Early Development; and
- Ernie Hall, member, State Board of Education and Early Development.

The task force, staffed by the Department of Education and Early Development, will meet several times between now and the end of January. Its recommendations then will go to the state board and the governor for final approval. Knowles pledged this fall at Alaska Education Summit 2000 that the group's suggestions then will be quickly forwarded to the Legislature in time for consideration in the upcoming FY2002 budget. The group's first meeting has not yet been set.