

SB

90

ALASKA STATE LEGISLATURE



SESSION ADDRESS
Alaska State Capitol
Juneau, AK 99801-1182
(907) 465-4925
Fax (907) 465-3517

INTERIM ADDRESS
112 Mill Bay Road
Kodiak, AK 99615
(907) 486-4925
Fax (907) 465-2819

Senator Gary Stevens

Memorandum

Date: February 28, 2003

To: Senator Fred Dyson
Chair, Senate HESS Committee

Fr: Senator Gary Stevens

Re: SB 90

I respectfully request a committee hearing on SB 90, "An Act relating to the base student allocation used in the formula for state funding of education; and providing for an effective date" be scheduled at your earliest convenience.

Thank you.

Best regards,

A handwritten signature in black ink, appearing to be "Gary Stevens", with a long horizontal flourish extending to the right.

Gary

ALASKA STATE LEGISLATURE



SESSION ADDRESS
Alaska State Capitol
Juneau, AK 99801-1182
(907) 465-4925
Fax (907) 465-3517

INTERIM ADDRESS
112 Mill Bay Road
Kodiak, AK 99615
(907) 486-4925
Fax (907) 465-2819

Senator Gary Stevens

SPONSOR STATEMENT-SB 90

SB 90, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date. This is companion legislation to House Bill 26.

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 districts 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 Senate Bill 90 will assist our local school districts to meet, and hopefully exceed, the public's expectations and demands.

Please join me in endorsing SB 90.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 26 / SB 90
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
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: Representative Stevens
Requester: Health, Education & Social Services 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: Edry Jeans, School Finance Manager
Division: Education Support Services
Approved by: Ed McLain, Deputy Commissioner
Agency: Department of Education and Early Development

Phone 465-8679
Date/Time 2 3 03 10:57 AM
Date 02 3 2003

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 Borot	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	(15,441)	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
Yupitit	137,859	-	137,859
Alyeska Central School	113,280	-	113,280
Mt. Edgecumbe High S	57,164	-	57,164
TOTALS:	25,055,890	(1,070,682)	23,985,208

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



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

FOR SB 90



**Kodiak Island Borough School District
(KIBSD)
722 Mill Bay Road
Kodiak, AK 99615
(907) 486-9278**

1/31/03

The Honorable Carl Gotto
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representative Gatto:

I am not sure I will be able to testify on House Bill 26 next Tuesday, so I would like to take this opportunity to give input on the bill. A significant increase to the base student allocation is vitally important to districts across the state.

In late June of 2002, districts were unexpectedly hit with devastating increases in property/casualty, workers compensation and liability insurance. Increases were expected and budgeted for, but the increases that finally came in the end of June were beyond anyone's wildest expectations. Districts had no choice but to make cuts to educational programs. The current word in the insurance industry is that these markets will be hit with additional increases of fifteen to twenty percent in June of 2003.

Health insurance is an important tool in recruiting the best teachers for our students. Increases in the health insurance industry have averaged in the ten to fifteen percent range for the last few years. Kodiak was hit with a thirty-two percent increase for the 2002/2003 school year. The projected industry increase for health insurance next year is fifteen percent. That results in an approximate cost of \$430,000 for the Kodiak Island Borough School District.

The number of special education students in Kodiak continues to increase on a yearly basis. During the 2000 count period, we had 375 special education students, we had 400 special education students for the 2001 count period, and we have increased to 420 special education students for the 2002 count period. The increase in special education students comes at a time when our district is experiencing an overall decrease in student population. So with the current formula, we are receiving less funding for special education when our costs are increasing.

The price for oil is currently high which is good for the revenue picture. Unfortunately, this means we are again experiencing increased fuel costs. I have also recently heard that the contribution rates for TRS and PRS are going to be increased dramatically as well.

I hope I have given you a picture of some of the cost increases we are facing. We need to have significant revenue increases to be able to provide a quality education for the students in Kodiak. I am attaching a copy of a spreadsheet and graph that I have created for use in Kodiak's budget process. The spreadsheet and graph show the revenue per student history for Kodiak since 1990. In 1990, the district received \$5,358.05 per student from the state. In 2003, we are budgeted to receive \$5,548.68 per student. This means we have received an increase of only \$191 per student over thirteen (13) years. This is an increase of about 3.56 percent, which compares to an approximate increase of 36.60 percent for inflation during the same time period.

As I stated above, we are facing declining enrollments in Kodiak. To match and account for the student decreases, we have eliminated 9.5 current teaching positions and one current administrative position from the FY 04 budget. Even after these reductions, We are facing a \$1,580,971 deficit in a \$27,285,138 budget. Without substantial increased funding, we will be forced to make further cuts to our already strained educational programs.

For the reasons stated above, I wholeheartedly support House Bill 26.

Thank you for this opportunity for input.

Sincerely,

Dave Jones
Director of Finance
Kodiak Island Borough School District