

HB

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HFIN

FILE

Alaska State Legislature

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Representative Carl Gatto
Co-Chair, House Resources Committee
District 13 - Palmer

SPONSOR STATEMENT HB 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."

This bill, in its current form, increases the base student allocation by \$1 to \$5381. This version of the bill is not meant to represent the total increase needed; rather this number serves as a placeholder for the Legislature's deliberation on this matter. I urge your consideration and support for this measure.



SCHOOL BOARDS UNITED

AASB POSITION STATEMENT ON KEY EDUCATION ISSUES

During our Legislative Fly-in on Feb. 11-13, the member school districts of our statewide association agreed on the following issues before the 25th Alaska Legislature:

1. Base Student Allocation – Increasing the BSA from the current \$5,380 to \$5,810, effective July 1, 2007 (SB 1)
2. District Cost Factor – Increasing the DCF to the levels recommended by the 2005 ISER Report (HB 72)
3. Retirement costs – Funding the \$207 million in FY 08 PERS-TRS cost increases for districts outside the foundation formula
4. Vocational Education – Recognizing the importance of a dependable funding stream for voc-ed outside the 20 percent block grant for special education, bilingual education and voc-ed
5. Intensive Needs Students – Addressing the problems caused by inadequate formula funding, post-enrollment transfers and conflicting state regulations defining intensive needs
6. Early or Forward Funding – Appropriating foundation funds & PERS-TRS costs by March 16 (the 60th day) or setting aside sufficient funds in FY 08 to forward fund FY 09 education budget

For additional information, contact:

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BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

1. Fully Fund Area Cost Differential
2. Legislative Financial Relief For Ongoing TRS And PERS Employer Rate Increases
3. Increased Foundation Formula Funding
4. Fund Intensive Need Students Enrolling Post-Count Date
5. Fund Vocational Education Separately
6. Forward Funding
7. Increase Pupil Transportation Funding
8. Revenue Sharing And The Community Dividend
9. Revision Of Senate Bill 48
10. Instructional Technology

1. Fully Fund Area Cost Differential

Quality education can be assured only through equitable funding. Since 1999, Juneau's cost of living factor has been inaccurately calculated, despite two studies recommending changes. A revised District Cost Factor must be adopted. Juneau School District will lose \$1,538,545 if the one-time 1.04 factor used for 2006 reverts back to 1.005 for FY 08. If the ISEER study of equitable differentials is fully implemented, the JSD cost factor would be 1.145.

2. Legislative Financial Relief For Ongoing TRS And PERS Employer Rate Increases

The state should pay for 100 percent of the increased mandated employer PERS/TRS liability. Without supplemental funding to cover the unprecedented increases in retirement costs, these increases will directly reduce districts' instructional effort and harm Alaska's children. Between FY 07 and FY 08, the employer contribution for the Juneau School District is proposed to increase from 26% to 54.03% for TRS and from 22.93% to 39.28% for PERS. The increased TRS/PERS obligation for the Juneau School District' operating fund would be \$7,956,787 or 15% of the District's budget.





BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

3. Increased Foundation Formula Funding

Increased funding for education is necessary to prevent decline in educational services due to inflation and provide the necessary funding to strengthen the system into the future. With the Governor's proposed budget, the Juneau School District will be short nearly \$3 million in FY 08. If we wish to respond to our parents' and community's call for decreased class size, additional support for special education and other at-risk students, adequate textbooks and teaching materials, and updated technology, even more funds will be necessary.

4. Fund Intensive Need Students Enrolling Post-Count Date

The foundation formula needs to be amended to prorate funding for intensive needs students enrolling after the count date. When students enroll past the count date, school districts are required by federal law to provide the services from their operating budgets. Typically, the number of students with disabilities increases during the school year, in part, because IDEA requires public schools to enroll students with disabilities when they become three years old. JSD enrolled seventeen additional intensive need students between the October count date and the end of the FY06 school year. This amounts to about \$457,300 in revenues the Juneau School District did not receive because these students were not present on count date, revenues which were redirected from other classroom uses.

5. Fund Vocational Education Separately

The Legislature should fund vocational education, bilingual, special education, and gifted and talented programs at levels adequate for quality programming. Vocational education funding needs to be provided outside of the block grant to allow for full career technology education programs that are responsive to the Alaskan job market. In FY 06, in these four program areas JSD spent over \$1.5 million more than it received from the 1.2 factor in the foundation formula.

6. Forward Funding

The Legislature could increase stability and efficiency in school district budgeting and program stability by passing an updated base student allocation appropriation out of current year funds for the second following fiscal year. The City and Borough of Juneau's Charter requires that the district submit a budget to the Borough Assembly by March 30 of each year. Because so little is known about revenues so early in the legislative process, this budget projects staff lay offs and program eliminations that do not always occur when the final state budget is set. Funding certainty one year ahead will reduce administrative cost, contribute to public confidence in government and the education system, and enable school districts to focus on student instruction for greater achievement.





BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

7. Increase Pupil Transportation Funding

The current transportation funding formula needs to be increased annually at a rate tied to the Anchorage Consumer Price Index. Further, required Special Education buses and homeless transportation should be provided for outside of the formula on a needs basis. Current state transportation funding to school districts does not consider the escalating cost of doing business including fuel, minimum wage level increases, and additional mandated demands from special education and homeless populations.

8. Revenue Sharing And The Community Dividend

Permanently restoring funding for municipal revenue sharing and assistance programs will strengthen communities. The City and Borough of Juneau traditionally funds education to the CAP and always plays a large role in financing education and providing community services for youth and a strong community. State funding to municipalities has decreased while Juneau property values increased and the portion of the school budget paid for the by city and borough has increased.

9. Revision Of Senate Bill 48

State Statute, AS14.30.171-176 needs to be changed to allow school personnel to respond to parent inquiries as they investigate resources to assist their children and to allow the district to require a psychological evaluation when a student threatens harm to self or others.

10. Instructional Technology

Juneau School District students are benefiting from the legislative funding for the AASB Consortium for Digital Learning this year. Future investments in the Consortium by the Legislature are essential to allow more students to access the expanded learning opportunities provided by digital learning inside and outside the school environment. Because of the global economy that our youth experience, JSD joins AASB in urging the state and federal governments to ensure that all classrooms are provided affordable and equitable broadband access to the national information infrastructure. AASB urges the Legislature to implement appropriations or matching grants for instructional technology that would address hardware and software purchases, communication, infrastructure and training needs of students and staff.

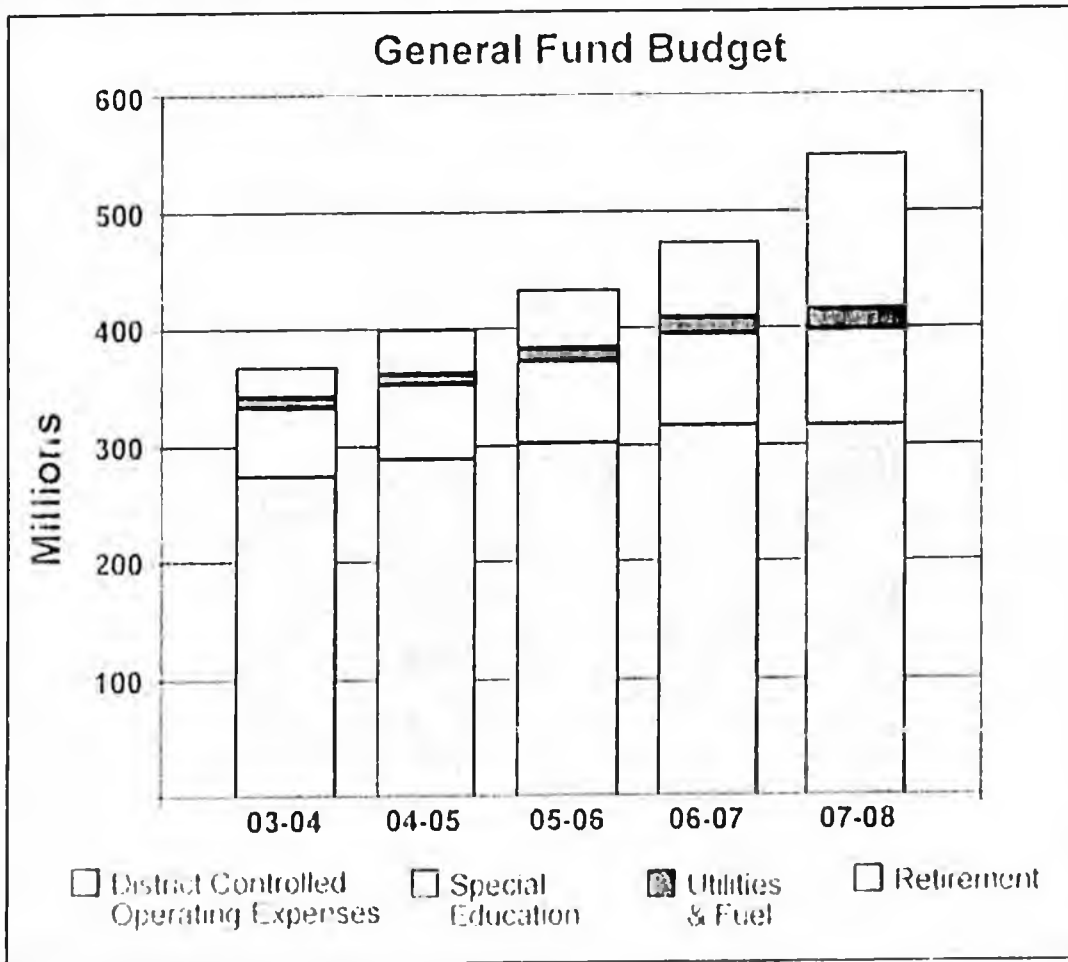




General Fund Budget and Comparison

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February 2007 - Some cost increases are out of the district's control, such as mandated retirement fund costs, utilities and fuel, and required special education programs and services. If these costs are removed from the general fund, our general fund has risen by fewer than five percent in each of the last five years.



| | FY 2003-04 | FY 2004-05 ¹ | % Increase over previous year | FY 2005-06 ² | % increase over previous year | FY 2006-07 | % increase over previous year | FY 2007-08 ³ | % increase over previous year |
|--|-----------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-----------------------|-------------------------------|-------------------------|-------------------------------|
| | \$ amount in millions | \$ amount in millions | | \$ amount in millions | | \$ amount in millions | | \$ amount in millions | |
| District Controlled Operating Expenses | \$276.9 | \$287.3 | 4.9% | \$301.5 | 4.9% | \$314.9 | 4.4% | \$315.7 | 0.2% |
| Special Education | \$58.5 | \$63.3 | 8.2% | \$69.1 | 9.1% | \$78.7 | 13.9% | \$81.8 | 4.0% |
| Utilities & Fuel | \$9.0 | \$10.5 | 17.1% | \$12.0 | 13.8% | \$14.1 | 18.1% | \$17.6 | 24.8% |
| Retirement | \$26.1 | \$37.4 | 43.2% | \$50.4 | 34.5% | \$65.6 | 30.3% | \$132.1 | 101.3% |
| Total General Fund Budget | \$367.6 | \$398.7 | 8.47% | \$433.0 | 8.6% | \$473.4 | 9.4% | \$547.2 | 15.6% |

¹South High School opened



Great Alaska Schools: A Citizens Coalition

Great Alaska Schools is a non partisan statewide coalition of parents and community members concerned about the quality of public education and committed to making a positive contribution to Alaska's schools.

We believe that Alaska's kids deserve GREAT schools to prepare students for the workplace or for higher education.

Originally founded in 2004 as *Alaska Kids Count!*, Great Alaska Schools is a network of members from across the state who joined forces in response to a proposed massive budget cut to education funding. Gratefully education funding increases were made a priority. However, Alaska's schools continue to face challenges; the majority of past state funding increases have covered retirement and inflation expenses and little has been available to actually *improve* education quality.

We are called to action by the need to develop a fiscal plan for education which includes inflation proofing and updating geographic cost differentials which will hold harmless the urban baseline and result in stability for Alaska schools.

Our objective is twofold. First, to educate the public about the importance of the government's role in setting educational policy and funding, and the resulting impact these decisions have on the quality of schools. Second, we hope to encourage Alaska citizens to be involved in this process.

The very essence and intent of the public school system is the *right* to a free, high quality, and comprehensive education for all children. In fact, the education of Alaska's children is a constitutional mandate. It is our Legislature's responsibility to meet this obligation in full.

As citizens, it is our responsibility to help improve the quality of Alaska's schools by being involved at both the state and local levels; staying informed of Legislative activity, establishing and maintaining contact with our Legislators, and working with local school boards and school sites on budget, curriculum and policy decisions.

Together we can improve the quality of education for all Alaskan children.

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