

**2/13/09**

**OVERVIEW:**

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Resolution of The State Board of Education & Early Development

*Minimum Expenditure for Instruction*

**Resolution 01-2009**

WHEREAS, the State of Alaska now has in place an extensive system of accountability, approved by the federal government, for schools and school districts; and

WHEREAS, the accountability system uses assessments to measure school and school district progress in reading, writing and mathematics in nine subgroups of students and in the student body as a whole in grades 3 through 10; and

WHEREAS, the accountability system is accompanied by regulations specifying actions that schools and districts must take to improve; and

WHEREAS, the Alaska Department of Education & Early Development has in place programs and services designed to assist schools and districts to improve; and

WHEREAS, the state administers a high school graduation qualifying examination in accordance with state law and aligned with statements of legislative intent; and

WHEREAS, since 1998 Alaska Statute 14.17.520 requires that at least 70 percent of school districts' operating fund expenditures be spent on instruction; and

WHEREAS, the assessment data since 1998 does not demonstrate there is a relationship between student achievement and the percentage of districts' operating funds spent on instruction; and

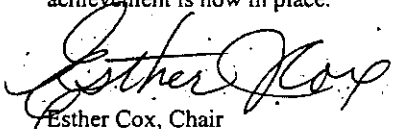
WHEREAS, districts consume valuable staff time each year to prepare requests for waivers of the minimum expenditure requirement, when needed, from Alaska Statute 14.17.520; and

WHEREAS, the department consumes valuable staff time each year reviewing districts' instructional budgets, expenditures and requests for waivers, and preparing an annual report to the legislature; and

WHEREAS, the minimum expenditure requirement also places a burden on the Legislative Budget & Audit Committee to review the districts' waiver requests and forward recommendations to the State Board of Education & Early Development; and

WHEREAS, the department has seen that nearly all districts that request waivers have small budgets that are heavily affected by rising fixed costs in necessary non-instructional areas such as heating;

THEREFORE, BE IT RESOLVED, the State Board of Education & Early Development respectfully requests the Alaska Legislature to reconsider or amend the statute that requires districts to spend a minimum of 70 percent of their operating funds on instruction, in acknowledgement that a system of accountability directly tied to student achievement is now in place.

  
Esther Cox, Chair  
On behalf of the State Board of Education  
& Early Development

December 5, 2008

Sec. 14.17.520. Minimum expenditure for instruction.

(a) A district shall budget for and spend a minimum of 70 percent of its school operating expenditures in each fiscal year on the instructional component of the district budget.

(b) The commissioner shall reject a district budget that does not comply with (a) of this section and, unless a waiver has been granted by the board under (d) of this section, shall withhold payments of state aid from that district, beginning with the payment for the second full month after rejection and continuing until the school board of the district revises the district budget to comply with (a) of this section.

(c) The commissioner shall review the annual audit of each district for compliance with the expenditure requirements of (a) of this section. If the commissioner determines that a district does not meet those requirements, the commissioner shall advise the district of the determination, calculate the amount of the deficiency, and deduct that amount from state aid paid to the district for the current fiscal year. A deduction in state aid required under this subsection begins with the payment for the second full month after the determination, unless a waiver has been granted by the board under (d) of this section.

(d) A district that has been determined by the commissioner to be out of compliance with the requirements of this section may, within 20 days of the commissioner's determination, request a waiver by the board of the imposition by the commissioner of any reduction in state aid payments under (b) or (c) of this section. The request must be in writing and must include an analysis of the reasons and causes for the district's inability to comply with the requirements of this section. The board may grant the waiver if the board determines that the district's failure to meet the expenditure requirements of this section was due to circumstances beyond the control of the district. The request must also be submitted to the Legislative Budget and Audit Committee, which shall review the district's request and forward the committee's recommendations on it to the board.

(e) The commissioner shall submit an annual report on actions taken by the commissioner or the board under this section to the Legislative Budget and Audit Committee by April 15 of each year.

(f) In this section, "instructional component" includes expenditures for teachers and for pupil support services.

Department of Education & Early Development  
 Operating Fund Minimum Expenditure for Instruction  
 Comparison of FY1999 Audit to FY2008 Audit  
 February 13, 2009

|                              | FY 1999<br>Audit | FY2008<br>Audit | Difference | FY99<br>ADM | FY08<br>ADM |
|------------------------------|------------------|-----------------|------------|-------------|-------------|
| Alaska Gateway               | 63%              | 67%             | 4%         |             |             |
| Aleutian Region              | 62               | 71              | 9          |             |             |
| Aleutians East Borough       | 58               | 66              | 8          |             |             |
| Anchorage                    | 72               | 80              | 8          |             |             |
| Annette Island               | 63               | 73              | 10         |             |             |
| Bering Strait                | 63               | 71              | 8          |             |             |
| Bristol Bay Borough          | 65               | 61              | (4)        | 295.65      | 144.65      |
| Chatham                      | 70               | 66              | (4)        | 272.05      | 151.75      |
| Chugach                      | 75               | 83              | 8          |             |             |
| Copper River                 | 65               | 70              | 5          |             |             |
| Cordova City                 | 69               | 71              | 2          |             |             |
| Craig City                   | 70               | 80              | 10         |             |             |
| Delta Greely                 | 71               | 72              | 1          |             |             |
| Denali Borough               | 63               | 71              | 8          |             |             |
| Dillingham City              | 67               | 73              | 6          |             |             |
| Fairbanks North Star Borough | 73               | 78              | 6          |             |             |
| Galena City                  | 72               | 75              | 3          |             |             |
| Haines Borough               | 66               | 73              | 7          |             |             |
| Hoonah City                  | 55               | 63              | 8          |             |             |
| Hydaburg City                | 47               | 62              | 15         |             |             |
| Iditarod Area                | 59               | 64              | 5          |             |             |
| Juneau Borough               | 73               | 80              | 7          |             |             |
| Kake City                    | 57               | 58              | 1          |             |             |
| Kashunamiut                  | 58               | 70              | 12         |             |             |
| Kenai Peninsula Borough      | 68               | 75              | 7          |             |             |
| Ketchikan Gateway Borough    | 69               | 77              | 8          |             |             |
| Klawock City                 | 61               | 65              | 4          |             |             |
| Kodiak Island Borough        | 69               | 74              | 5          |             |             |
| Kuspuk                       | 62               | 63              | 1          |             |             |
| Lake & Peninsula Borough     | 64               | 67              | 3          |             |             |
| Lower Kuskokwim              | 64               | 75              | 11         |             |             |
| Lower Yukon                  | 61               | 68              | 7          |             |             |
| Matanuska Susitna Borough    | 74               | 80              | 6          |             |             |
| Nenana City                  | 69               | 74              | 6          |             |             |
| Nome City                    | 63               | 66              | 3          |             |             |
| North Slope Borough          | 57               | 65              | 8          |             |             |
| Northwest Arctic Borough     | 56               | 67              | 11         |             |             |
| Pelican City                 | 61               | 56              | (5)        | 29.80       | 14.55       |
| Petersburg City              | 69               | 74              | 5          |             |             |
| Pribilof Islands             | 56               | 66              | 10         |             |             |
| Saint Mary's                 | 60               | 62              | 2          |             |             |
| Sitka Borough                | 75               | 79              | 4          |             |             |
| Skagway City                 | 58               | 74              | 16         |             |             |
| Southeast Island             | 71               | 67              | (4)        | 297.78      | 173.45      |
| Southwest Region             | 65               | 69              | 4          |             |             |
| Tanana City                  | 52               | 51              | (1)        | 104.00      | 39.15       |
| Unalaska City                | 64               | 72              | 8          |             |             |
| Valdez City                  | 68               | 74              | 6          |             |             |
| Wrangell City                | 69               | 71              | 2          |             |             |
| Yakutat City                 | 60               | 71              | 11         |             |             |
| Yukon Flats                  | 54               | 65              | 11         |             |             |
| Yukon/Koyukuk                | 63               | 70              | 7          |             |             |
| Yupiiit                      | 51               | 70              | 20         |             |             |
| Average                      | 63               | 69              |            |             |             |

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