

HB

133

<TARGET><BILL>HB 133</BILL><SUBJECT>HB
133</SUBJECT><COMM>HEDC28</COMM></TARGET>

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 36



Memorandum

Akiachak
Akiak
Aleknagik
Aniak
Anvik
Atmautluak
Beluga
Chefornak
Chuathbaluk
Crooked Creek
Dillingham
Ekwok
Holy Cross
Igiugig
Iliamna
Kalskag
Lower Kalskag
Kasigluk
King Salmon
Kipnuk
Kokhanok
Koliganek
Kongiganak
Kwethluk
Kwigillingok
Levelock
Lime Village
Manokotak
Naknek
South Naknek
Nanwalek
Napakiak
Napaskiak
New Stuyahok
Newhalen
Newtok
Nightmute
Nondalton
Nunapitchuk
Oscarville
Pedro Bay
Pope-Vannoy
Port Alsworth
Port Graham
Red Devil
Russian Mission
Shageluk
Sleetmute
Stony River
Toksook Bay
Tuluksak
Tuntutuliak
Tununak
Tyonek

Date: February 21, 2013

To: Representative Lynn Gattis, Chair
House Education Committee

From: Representative Bryce Edgmon 

RE: HB 133 Hearing Request

I respectfully request a hearing for HB 133—School Construction Grants/Small Municipalities—at your earliest convenience.

HB 133 proposes to make a limited number of small municipal school districts eligible for school construction funding through the account currently known as the Regional Educational Attendance Area School Construction Fund (REAA Fund).

The purpose of the bill is to further remedy a lack of equity in school construction funding identified by Alaska courts in a 2001 ruling in *Kasayulie v. State of Alaska*. Adding these schools to REAA Fund eligibility also has the potential to speed the pace at which all school construction projects on the Department of Education and Early Development list are funded.

In short, HB 133 is designed to help ensure that all Alaskan schoolchildren enjoy sound, enriching, and secure educational environments.

Please find the following materials in the HB 133 packet:

- HB 133
- Sponsor Statement
- Sectional Summary
- *Kasayulie v. State of Alaska* Consent Decree and Settlement Agreement
- Full Value and ADM Determinations by School District

My staff contact for this legislation is Tim Clark, who can be reached at 465-2839.

Thank you for your consideration of this request.

State Capitol Building
120 East 4th Street, Juneau, AK 99801
Phone: 907 465 4451 Toll Free: 800 898 4451 Fax: 907 465 3445
Rep.Bryce.Edgmon@akleg.gov



Sectional Summary

HB 133

School Construction Grants/Small Municipalities

HB 133 makes a limited number of small municipal school districts eligible for school construction funding through the account currently known as the Regional Educational Attendance Area School Construction Fund (REAA Fund).

(Regional Educational Attendance Areas are areas within unorganized boroughs that have been formed to facilitate the administration of education between communities in the area. One might regard an REAA as a school district within an unorganized borough.)

Section 1 adds language to AS 14.11.025 that provides that the Department of Education and Early Development may provide grant funding for school construction from the REAA Fund to "small municipal school districts," which are defined in subsequent sections of the bill.

Also in this section, the formula used to calculate the amount of the annual deposit to the REAA Fund is amended. The change provides that the percentage of municipal school districts that are eligible for the REAA Fund will not be included in the percentage of municipal school districts by which the annual debt service is divided in the formula.

Section 2 adds a new subsection to AS 14.11.025. It defines "small municipal school districts" according to a two-part criterion.

Part One: The small municipal school district's Average Daily Membership (as defined in AS 14.17.990) cannot exceed 300.

Part Two: When the district's full and true value of taxable real and personal property is divided by its Average Daily Membership (ADM), the result must be \$500,000 or less.

This formula helps to identify districts that lack bonding capability. Its "full value per ADM" component has precedent elsewhere in statute (AS 14.11.008), where it is used to determine school districts' participating shares in the major maintenance grant program.

Section 3 amends AS 14.11.030(a) to rename the REAA Fund and note that it is to be used for school construction in Regional Educational Attendance Areas and qualifying "small municipal school districts."

Section 4 adds a new subsection to AS 14.11.030 to provide that "small municipal school district" is defined the same way it is in AS 14.11.025 (Section 2 of the bill).

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

WILLIE AND SOPHIE KASAYULIE,)
et al.,)
)
Plaintiffs,)
)
v.)
)
STATE OF ALASKA,)
)
Defendant.)
_____) 3AN-97-3782 CI

CONSENT DECREE AND SETTLEMENT AGREEMENT

WHEREAS, a civil action has been brought alleging that the State of Alaska's method of funding capital projects for education is void under the Alaska Constitution and violates Title VI of the Civil Rights Act of 1964, and that the State breached trust obligations arising from the public school land trust; and

WHEREAS, the parties, in order to put an end to lengthy litigation, wish to resolve this matter by means of settlement;

NOW THEREFORE, the parties, through their attorneys, subject to the approval and order of this Court, hereby agree as follows:

1. Jurisdiction is vested in this Court by AS 22.10.020.
2. The plaintiffs in this matter are individual parents of students in rural Alaskan schools, six rural Alaskan Regional Educational Attendance Areas, and an educational advocacy organization, Citizens for the Educational Advancement of Alaska's Children.

3. The defendant is the State of Alaska.

4. The original complaint in this action was filed on May 20, 1997.

It alleged that, at the time this lawsuit was filed, many of the physical facilities within plaintiff school districts were in dire need of replacement and/or major maintenance, exhibiting widespread deterioration, physical dangers, structural deficiencies, inability to satisfy relevant code requirements, and a lack of sufficient instructional space.

5. The complaint further alleged that plaintiff school districts had neither taxable real property nor legal authority to raise capital funds through a local capital tax levy or bond issue. Plaintiffs asserted that most municipal school districts, which had bonding capacity sufficient to raise capital funds, had access to state funding for capital projects through the state's debt reimbursement program under AS 14.11.100. Plaintiffs further asserted that, by the time this lawsuit was filed, there existed widespread disparities between facilities in plaintiff school districts and those in districts with the ability to pass local bond issues to raise the necessary capital for facilities funding, major maintenance and renovation.

6. In a second amended complaint filed on May 20, 1998, the Plaintiffs added allegations regarding the public school land trust, including allegations that the inadequate funding of school district plaintiffs was a breach of the State's trust obligations.

7. In 1999, both parties filed Motions for Summary Judgment on both issues.

8. On September 1, 1999, Superior Court Judge John Reese held that the State's history and practice in funding construction of rural school facilities violated its obligations under the Education and Equal Protection Clauses of the Alaska Constitution, and Title VI of the Civil Rights Act.

9. On the same day, September 1, 1999, the Court also held that the State had breached its trust obligations under the state public schools land trust when it converted the trust from a land trust to a monetary trust without valuing the land. The Court held that an appraisal of the lands in question must be conducted before further proceedings on the State's breach. By the time of the Court's decision, the State and Plaintiffs had already begun a cooperative process for valuing public school trust lands.

10. On March 27, 2001, following a motion for reconsideration, the Court reaffirmed its rulings on the facilities issue, and, in the same order, rejected plaintiffs' 54(b) motion for partial final judgment on the facilities issues.

11. Because valuation of trust land had to be completed before the remedy phase of the case could proceed, the Court held the case in abeyance pending the completion of the valuation, and to date has not ordered any remedy on either the facilities issue or the trust issue. The Court did not issue a final judgment, so the State could not appeal the rulings to the Alaska Supreme Court.

12. The parties worked together in good-faith to cooperatively accomplish the valuation. Experts were hired, who analyzed land title issues and conducted initial studies on the valuation. It became clear, however, that the cost of the

proposed valuation process would be high, and the Court had ruled that under trust law, this cost would be paid out of trust money. Moreover, as the parties studied the preliminary data, it became clear that little or no benefits would be achieved from having a full appraisal. At the same time, the State had approved general obligation bonds for construction of multiple rural school facilities in plaintiff school districts.

13. In 2010, the Legislature, in response in part to the Court's order regarding perceived constitutional violations relating to the funding of rural school construction, passed SB 237, which established a formula under statute (AS 14.11.025 and AS 14.11.030) for money to be available each year for funding of school construction in Regional Educational Attendance Areas. The formula was based on a percentage of the debt funding to urban schools under AS 14.11.100(a). The legislation provided that the statutes would become effective in 2012. The adoption of these statutes paved the way for settlement of this case by establishing a systematic mechanism for identifying funding amounts for rural school construction.

14. The parties have reached agreement to settle and dismiss this case by providing for the funding, over a four-year period, of the five rural school construction projects that are ranked as the highest priority school construction projects on the Department of Education and Early Development's construction list. The parties recognize, however, that they cannot bind future legislatures, and that the Governor must retain discretion for the introduction and vetoing of legislation in future years. Accordingly, this settlement first provides that legislation will be introduced in the *current* session for two school projects, and, second, provides for an expectation that

legislation will be introduced in *future* legislative sessions for the funding of the three additional rural school projects described in this settlement. If the funding for the five schools does not occur as described in this agreement, the plaintiffs reserve the right to reopen this litigation.

15. The parties agree that the remedies provided in this Consent Decree are in the best interests of the affected students and districts, provided that the school construction projects identified in this settlement are funded.

16. The parties agree that no benefit will be obtained by further litigation of the trust issue. It is in the public interest, however, to share and build on the valuation work already completed by experts on behalf of the parties.

17. In entering into this consent decree, neither party admits any wrongdoing or liability.

CONSENT DECREE

1. The State will include in the Governor's proposed capital appropriations budget bill for FY2013 the following two school construction projects:

(a) Emmonak K-12 school renovation/addition; appropriation to be effective July 1, 2012. (Amount of appropriation to be determined by DEED's November 2011 Capital Improvement Project process; for reference, the cost of this project from DEED's November 2010 list was \$39,251,867).

(b) Koliganek K-12 school replacement; appropriation to be effective July 1, 2012. (Amount of appropriation to be determined by DEED's November 2011 CIP process; cost of this project from DEED's November 2010 list was \$23,067,360).

2. Subject to the Governor's discretion, the State will include in the Governor's proposed capital appropriations budget bill for FY2014 the following school construction project:

(a) Nightmute K-12 school renovation/addition; appropriation to be effective July 1, 2013. (Amount of appropriation to be determined by DEED's November 2012 CIP process; cost of this project from DEED's November 2010 list was \$23,653,411).

3. Subject to the Governor's discretion, the State will include in the Governor's proposed capital appropriations budget bill for FY2015 the following two school construction projects:

(a) Kwethluk K-12 school replacement; appropriation to be effective July 1, 2014. (Amount of appropriation to be determined by DEED's November 2013 CIP process; cost of this project from DEED's November 2010 list was \$45,222,119).

(b) Kivalina K-12 school renovation/addition; appropriation to be effective July 1, 2015. (Amount of appropriation to be determined by the Department of Education and Early Development's November 2013 Capital Improvement Project process; for reference, the cost of this project from DEED's November 2010 list was \$14,724,714). However, if the Legislature declines to fund, or places contingencies on the Kivalina school project because of concerns about erosion or viability of the school site, the lack of funding or contingencies will have no effect on the settlement, and cannot be used by plaintiffs to reopen this litigation.

4. If the projects described in this settlement are not funded by the Alaska Legislature within the time periods described, then plaintiffs retain the right to reopen this action and litigate whether the State has met the requirements of the law for funding school construction projects, with all parties preserving their rights and claims to the same extent as they exist at the time of this agreement. Notwithstanding the foregoing, the parties agree that this reopening provision shall not be triggered in the event that the Legislature does not fund, or otherwise places contingencies upon the funding of, the construction of the Kivalina school because of concerns about erosion or the viability of the Kivalina school site.

5. The parties acknowledge that the Court identified a need to remedy perceived constitutional violations through a funding mechanism to address the school construction requirements of those rural school districts that lack bonding or taxing capabilities. The parties agree that the funding mechanism currently set forth in AS 14.11.025 and AS 14.11.030 provides that remedy.

6. In addition to dismissal with prejudice of all claims related to public school land trust issues as set forth in paragraph 7, below, plaintiffs:

(a) Will provide the State with a copy of all valuation work done by their experts, and will cooperate with the State to present land valuation information to the Court; however, plaintiffs will not be obligated to actively participate in any further or future land valuation efforts undertaken by the State; and

(b) Will not oppose efforts by the State to complete the valuation of the public school trust lands; and

(c) Will not oppose the formal removal from public school trust status of any land received by the State after July 1, 1978, including 906(b) ANILCA lands and approximately 2,800 acres otherwise conveyed by the federal government.

7. The Kasayulie plaintiffs prevailed in superior court on a constitutional claim which became a catalyst for this settlement. *See DeSalvo v. Bryant*, 42 P.3d 525, 530 (Alaska 2002). They are therefore entitled to full reasonable attorney's fees under the law. *Dansereau v. Ulmer*, 955 P.2d 916, 920 (Alaska 1998). The Department of Law will include in the judgment bill introduced in the FY2013 session an appropriation for payment of plaintiffs' full reasonable attorney's fees, not to exceed \$500,000. Plaintiffs will provide an accounting of fees no later than September 15, 2011, and will cooperate to ensure that the fees are compensable and were not previously paid under an earlier award by the Court.

8. The parties shall stipulate to dismissal with prejudice of all of the claims raised by plaintiffs in this matter, to be effective on the effective date of the legislation providing for appropriations for the school construction projects described in paragraph (1) of this Consent Decree. As described in paragraph (1)(b), however, the dismissal will become effective even in the event the legislature decides to not fund, or to place contingencies on, the Kivalina school project because of concerns about erosion or viability of the Kivalina school site. Notwithstanding this dismissal, the parties agree that the Court shall retain jurisdiction of this action until July 1, 2015, or until the appropriations provided for in this Consent Decree have been substantially adopted, but that no further action before the Court shall occur except pursuant to

(a) a motion to reopen under paragraph (4) of this Consent Decree; or
(b) a joint motion requesting permission of the Court for further proceedings.

9. The parties agree to work together in good faith to fully implement this Consent Decree and Settlement Agreement.

Accepted for Plaintiffs:

<u>August 10, 2011</u> Date	<u>Willie Kasayulie</u> Willie Kasayulie Plaintiff
<u>Aug. 10, 2011</u> Date	<u>Sophie N. Kasayulie</u> Sophie Kasayulie Plaintiff
_____ Date	_____ Paul Mike Plaintiff
_____ Date	_____ Maryann Mike Plaintiff
_____ Date	_____ Arthur Heckman Plaintiff
_____ Date	_____ Ruth Heckman Plaintiff

(a) a motion to reopen under paragraph (4) of this Consent Decree; or
(b) a joint motion requesting permission of the Court for further proceedings.

9. The parties agree to work together in good faith to fully implement this Consent Decree and Settlement Agreement.

Accepted for Plaintiffs:

Date Willie Kasayulie
Plaintiff

Date Sophie Kasayulie
Plaintiff

09/20/11
Date Paul Mike
Plaintiff

Sept. 20, 2011
Date Maryann Mike
Plaintiff

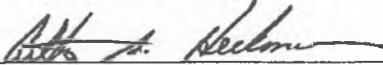
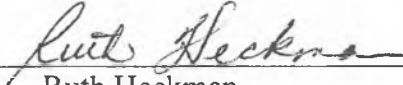
Date Arthur Heckman
Plaintiff

Date Ruth Heckman
Plaintiff

(a) a motion to reopen under paragraph (4) of this Consent Decree; or
(b) a joint motion requesting permission of the Court for further proceedings.

9. The parties agree to work together in good faith to fully implement this Consent Decree and Settlement Agreement.

Accepted for Plaintiffs:

_____ Date	_____ Willie Kasayulie Plaintiff
_____ Date	_____ Sophie Kasayulie Plaintiff
_____ Date	_____ Paul Mike Plaintiff
_____ Date	_____ Maryann Mike Plaintiff
<u>9/26/2011</u> Date	 _____ Arthur Heckman Plaintiff
<u>9/26/11</u> Date	 _____ Ruth Heckman Plaintiff

Sept 13, 2011

Date

Robert Picou

Robert Picou, Superintendent
Bering Strait School District
Plaintiff

Date

Karen Ladegard, Superintendent
Iditarod Area School District
Plaintiff

Date

Steven Pine, Superintendent
Kashunamiut School District
Plaintiff

Date

Gary Baldwin, Superintendent
Lower Kuskokwim School District
Plaintiff

Date

John Lamont, Superintendent
Lower Yukon School District
Plaintiff

Date

Howard Diamond, Superintendent
Yupiiit Schools
Plaintiff

Date

Charles Wohlforth
CEAAC Executive Director
Plaintiff

Date

Robert Picou, Superintendent
Bering Strait School District
Plaintiff

September 21, 2011
Date

Karen J. Ladegard

Karen Ladegard, Superintendent
Iditarod Area School District
Plaintiff

Date

Steven Pine, Superintendent
Kashunamiut School District
Plaintiff

Date

Gary Baldwin, Superintendent
Lower Kuskokwim School District
Plaintiff

Date

John Lamont, Superintendent
Lower Yukon School District
Plaintiff

Date

Howard Diamond, Superintendent
Yupiiit Schools
Plaintiff

Date

Charles Wohlforth
CEAAC Executive Director
Plaintiff

Date

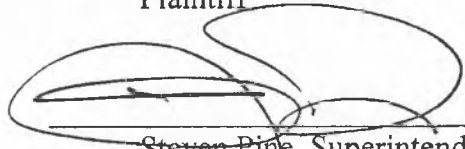
Robert Picou, Superintendent
Bering Strait School District
Plaintiff

Date

Karen Ladegard, Superintendent
Iditarod Area School District
Plaintiff

9.14.11

Date



Steven Pine, Superintendent
Kashunamiut School District
Plaintiff

Date

Gary Baldwin, Superintendent
Lower Kuskokwim School District
Plaintiff

Date

John Lamont, Superintendent
Lower Yukon School District
Plaintiff

Date

Howard Diamond, Superintendent
Yupit Schools
Plaintiff

Date

Charles Wohlforth
CEAAC Executive Director
Plaintiff

Date	Robert Picou, Superintendent Bering Strait School District Plaintiff
Date	Karen Ladegard, Superintendent Iditarod Area School District Plaintiff
Date	Steven Pine, Superintendent Kashunamiut School District Plaintiff
9/16/11 Date	<i>Gary Baldwin</i> Gary Baldwin, Superintendent Lower Kuskokwim School District Plaintiff
Date	John Lamont, Superintendent Lower Yukon School District Plaintiff
Date	Howard Diamond, Superintendent Yupiiit Schools Plaintiff
Date	Charles Wohlforth CEAAC Executive Director Plaintiff

Date

Robert Picou, Superintendent
Bering Strait School District
Plaintiff

Date

Karen Ladegard, Superintendent
Iditarod Area School District
Plaintiff

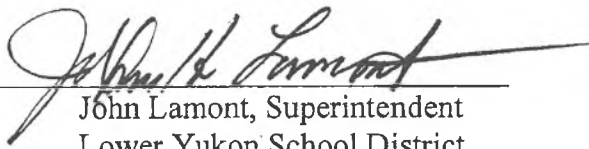
Date

Steven Pine, Superintendent
Kashunamiut School District
Plaintiff

Date

Gary Baldwin, Superintendent
Lower Kuskokwim School District
Plaintiff

09.23.2011
Date



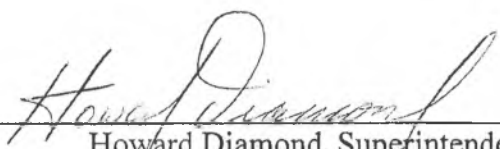
John Lamont, Superintendent
Lower Yukon School District
Plaintiff

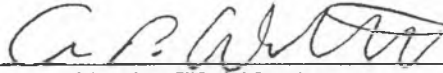
Date

Howard Diamond, Superintendent
Yupit Schools
Plaintiff

Date

Charles Wohlforth
CEAAC Executive Director
Plaintiff

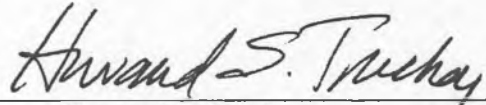
Date	Robert Picou, Superintendent Bering Strait School District Plaintiff
Date	Karen Ladegard, Superintendent Iditarod Area School District Plaintiff
Date	Steven Pine, Superintendent Kashunamiut School District Plaintiff
Date	Gary Baldwin, Superintendent Lower Kuskokwim School District Plaintiff
Date	John Lamont, Superintendent Lower Yukon School District Plaintiff
09-16-2011 Date	 Howard Diamond, Superintendent Yupiit Schools Plaintiff
Date	Charles Wohlforth CEAAC Executive Director Plaintiff

Date	Robert Picou, Superintendent Bering Strait School District Plaintiff
Date	Karen Ladegard, Superintendent Iditarod Area School District Plaintiff
Date	Steven Pine, Superintendent Kashunamiut School District Plaintiff
Date	Gary Baldwin, Superintendent Lower Kuskokwim School District Plaintiff
Date	John Lamont, Superintendent Lower Yukon School District Plaintiff
Date	Howard Diamond, Superintendent Yupit Schools Plaintiff
<i>September 22, 2011</i> Date	 Charles Wohlforth CEAAC Executive Director Plaintiff

Accepted as to Form:

9/30/11

Date



Howard S. Trickey
Counsel for Plaintiffs

Accepted by Defendant State of Alaska:

Date

Mike Hanley, Commissioner
Alaska Department of Education and
Early Development
Defendant

Accepted as to Form:

Date

John J. Burns
Attorney General for the State of
Alaska

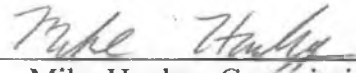
Accepted as to Form:

Date

Howard Trickey
Counsel for Plaintiffs


Accepted by Defendant State of Alaska:

10/3/2011
Date


Mike Hanley, Commissioner
Alaska Department of Education and
Early Development
Defendant

Accepted as to Form:

10-4-2011
Date


John J. Burns
Attorney General for the State of
Alaska

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 133
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB133-EED-FundTransfer-3-13-13
Title: SCHOOL CONST. GRANTS/SMALL
MUNICIPALITIES
Sponsor: EDGMON
Requester: House Education Committee

Department: Fund Transfers
Appropriation: Designated Savings (UGF)
Allocation: Regional Education Attendance Area School Fund
OMB Component Number: 3025

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 618.3

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

The initial version reflected operating costs in the upper section and this version reflects the data as informational only since the statutory formula will drive the capital appropriation in the out years under AS 14.11.025.

Prepared By: Elizabeth Nudelman, Director
Division: School Finance & Facilities
Approved By: Mike Hanley
Commissioner

Phone: (907)465-8679
Date: 03/13/2013 01:37 PM
Date: 03/13/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB133

Analysis

The legislation would amend AS 14.11.025 by allowing small municipal school districts to participate in the state aid for school construction in rural education attendance areas (REAA). A small municipal school district would be defined as a district with 300 or fewer ADM and not more than \$500,000 in full value per ADM.

The municipal K-12 school districts that would qualify under these criteria are Hydaburg, Kake, Klawock, Saint Mary's, and Tanana.

The statutory formula is as follows: (Annual Debt Service divided by the percentage of all schools located in a city or borough school district) multiplied by .244.

Recalculating the formula with these five schools moved from the city or borough school districts to the REAA and small municipal school districts is $\$100,907,833 / 68.74\% \times 24.4\% = \$35,818,300$ an increase of \$618,300. \$35,200,000 is already included in the FY14 Governor's capital budget.

This legislation amends AS 14.11.030(a) by changing the title of the fund to the REAA and small municipal school district school fund versus just the REAA school fund.

Also, this legislation adds a new subsection, AS 14.11.030(d), which gives "small municipal school districts" the same definition as set out in AS 14.11.025.

Public School Funding Program

FY13 Preliminary Foundation

Prepared 11/14/2012

School District	FY13 Prelim		2011 Full Values
	Total ADM	School District	
Alaska Gateway	366.05	Alaska Gateway	-
Aleutian Region	25.30	Aleutian Region	-
Aleutians East	234.50	Aleutians East	234,065,800
Anchorage	48581.91	Anchorage	35,633,951,010
Annette Island	290.85	Annette Island	-
Bering Strait	1669.10	Bering Strait	-
Bristol Bay	139.65	Bristol Bay	266,715,600
Chatham	144.95	Chatham	-
Chugach	281.40	Chugach	-
Copper River	487.30	Copper River	-
Cordova	315.78	Cordova	279,391,860
Craig	619.23	Craig	126,852,300
Delta/Greely	840.45	Delta/Greely	-
Denali	896.21	Denali	245,278,600
Dillingham	490.10	Dillingham	168,354,000
Fairbanks	14278.62	Fairbanks	9,654,743,990
Galena	3760.26	Galena	29,974,200
Haines	285.10	Haines	319,608,900
Hoonah	113.75	Hoonah	72,551,200
Hydaburg	53.45	Hydaburg	15,010,600
Iditarod Area	222.31	Iditarod Area	-
Juneau	4950.00	Juneau	4,494,218,300
Kake	105.32	Kake	28,097,800
Kashunamiut	303.27	Kashunamiut	-
Kenai Peninsula	8894.75	Kenai Peninsula	8,338,641,710
Ketchikan Gateway	2176.15	Ketchikan Gatew	1,592,716,600
Klawock	130.50	Klawock	51,898,400
Kodiak Island	2521.40	Kodiak Island	1,378,257,100
Kuspuk	336.40	Kuspuk	-
Lake & Peninsula	330.25	Lake & Peninsula	145,181,300
Lower Kuskokwim	4013.67	Lower Kuskokwi	-
Lower Yukon	1969.54	Lower Yukon	-
Mat-Su	17254.48	Mat-Su	9,063,680,270
Nenana	959.95	Nenana	28,047,700
Nome	692.70	Nome	326,939,700
North Slope	1647.40	North Slope	17,039,853,140
Northwest Arctic	1842.65	Northwest Arctic	686,050,200
Pelican	14.75	Pelican	14,288,700
Petersburg	451.22	Petersburg	349,849,700
Pribilof	89.00	Pribilof	-
Saint Mary's	182.50	Saint Mary's	12,827,200
Sitka	1312.99	Sitka	1,152,462,400
Skagway	64.05	Skagway	345,981,800
Southeast Island	189.98	Southeast Island	-
Southwest Region	586.70	Southwest Region	-
Tanana	48.50	Tanana	9,279,000
Unalaska	414.55	Unalaska	555,997,100
Valdez	636.65	Valdez	2,301,299,020
Wrangell	388.05	Wrangell	192,649,100
Yakutat	94.50	Yakutat	69,506,300
Yukon Flats	261.35	Yukon Flats	-
Yukon/Koyukuk	1448.71	Yukon/Koyukuk	-
Yupitit	435.10	Yupitit	-
Mt. Edgecumbe	397.30	Mt. Edgecumbe	-
TOTALS:	<u>129,240.60</u>	TOTALS:	<u>95,224,220,600</u>

HB 133

School Construction Grants/Small Municipalities

HB 133 makes small municipal school districts that meet certain criteria eligible for school construction funding from the REAA Fund.

Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg.

Kasayulie v. Alaska identified inequitable access to Construction Funding for rural schools

Most municipal districts are able to bond for school construction and subsequently access the state's debt reimbursement program.

However, Regional Educational Attendance Areas (REAs^{*}) as well as some small rural school districts lack taxable bases large enough to make bonding for construction possible.

Therefore, REAs and some small rural school districts can never access the guaranteed state funding stream that exists in the form of the bonding debt reimbursement program.

*

REAs are areas within unorganized boroughs that have been formed to facilitate the administration of education between communities.

The REAA Fund was established in 2010 to make a more reliable, consistent funding stream available to REAAs, none of which can bond for school construction.

Some small municipal school districts are effectively in the same circumstances as REAAs.

The DEED Capital Improvement Projects School Construction Grant Fund List (“The List”) plays a central role.

Paths to School Construction Funding in the Capital Budget

Bonding

For Most
Municipal
Districts

Bonding measure is
passed.

Subsequently, state
reimburses 60 to 70
percent of annual bond
debt, **guaranteed by law.**

The DEED CIP School Construction Grant List

Open to REAAs, Small Municipal Districts
without bonding capability, and even districts
with bonding capability, if they choose.

DEED ranks all projects on List by priority.
(Includes matching funds requirement.)

All projects await funding in order of priority.

If **Non-REAA project** reaches top of List,
project funding depends on whether the
legislature makes an appropriation for it
from the General Fund.

**Outcome: No guarantee that
any project will receive a
funding appropriation.**

If **REAA project** reaches top of List,
the legislature can access
**designated funding available in
the REAA Fund.**

**Outcome: Greater
likelihood of funding due to
availability of REAA Fund.**

HB 133 makes small municipal school districts that meet certain criteria eligible for the REAA Fund.

Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg.

Like REAAs, these districts are not capable of bonding and need access to the more consistent, reliable funding source the REAA Fund creates.

Making them REAA Fund-eligible will further rectify the inequities in rural school construction funding identified in *Kasayulie v. Alaska*.

CEAAC Three-Year Plan: Executive Summary and Table of Contents

Adopted April 12, 2012

INTRODUCTION / 1

This plan is intended to guide CEAAC as we transition from our history of focusing on two lawsuits into a future with inspiring new goals that will appeal to a broader base of support. The planning horizon is from the present to July 2015.

ONGOING/CONTINUATION INITIATIVES / 2

Kasayulie / 2

Implementing the Kasayulie settlement and spreading its benefits fairly will require intensive political effort over the next year. **Goals include receiving full funding, providing benefits to small non-REAA districts, and applying mechanism funds to major maintenance projects.**

Moore / 3

Implementing the Moore settlement will require intensive administrative effort over the next year. Politically, our highest goal will be to make the Moore programs permanent.

Organizational Development / 4

CEAAC must increase and broaden membership, decrease dues, and plan for succession of staff.

MAJOR NEW INITIATIVES / 5

Regional Residential Learning Centers / 5

Define and build support for residential centers in rural hubs that can offer programs beyond the capacity of village high schools, without further eroding support for those schools. Timeline: 2013

Education Research and Support Institute / 6

Create an institute for applied education research which can help districts understand problems and can provide technical support to solve them, flexibly expanding local capacity. Timeline: 2014.

Double UA Teacher Production / 7

Lead improvements at the University of Alaska to increase production of teachers and principals and to assure that graduates fit the needs of Alaska's school districts. Timeline: 2015.

AREAS OF SUPPORT / 8

CEAAC's agenda includes the following additional items, to be pursued through collaboration and by assisting other entities, or by using political opportunities that arise: Establish an at-risk factor in state funding formula; enhance rural technology, connectivity and distance learning; capture federal aid; expand pre-k and other Moore initiatives.

CEAAC Three-Year Plan

Adopted by the CEAAC Board of Directors April 12, 2012

Introduction

Since our founding more than 15 years ago, CEAAC has focused on using litigation to improve support for rural schools by the State of Alaska. In the last six months, settlement of both the Moore and the Kasayulie litigation have brought the organization to a new phase of its existence, with new opportunities and challenges.

Opportunities:

- Capacity freed up from litigation can be mobilized to address issues beyond the legal arena;
- Potential to attract supporters who previously avoided the conflict of litigation;
- Position of authority in the Moore settlement provides a new, more equal relationship with the Department of Education;
- Ability to choose new initiatives that will inspire new energy and support;
- Financial stability and ability to reduce the cost of membership with the reduction of legal costs and repayment by the State of Alaska of \$500,000 in Kasayulie expenses.

Challenges:

- Need to follow through on settlements to achieve success in the face of powerful opposition and difficult, long-term problems;
- Resistance and institutional inertia that make real educational advance difficult and time-consuming;
- Potential loss of direction without the focus of litigation;
- Sense of let-down that settlements did not solve all problems;
- Passing of leadership with Jorgensen and Trickey leaving center stage.

Purpose

This document is intended to guide CEAAC for three years, from the present, spring 2012, to July 2015. It provides a blueprint for CEAAC's program in order to direct our efforts and to communicate with potential members and outside constituencies who want to know about us and our priorities. Major new initiatives are prioritized and scheduled with milestones. Areas for support with less emphasis are listed as part of the legislative and public policy agenda depending on opportunities that arise.

Process

In February and March of 2012 CEAAC Executive Director Charles Wohlforth conducted a series of telephone calls and conference calls with 14 out of 22 CEAAC members. He produced an agenda of ideas drawn from the Moore and Kasayulie cases and settlements, with other issues nominated by members and others in the Alaska education community. Small-group and one-on-one discussions elicited responses from members to form a picture of which initiatives would be most practical to achieve, beneficial for districts, and significant in improving education of Alaska students. (Notes are available upon request.) Wohlforth then compiled these responses into this draft plan, to be presented to the full CEAAC board April 12, 2012.

In addition, the small-group discussions covered the issues of CEAAC's mission statement, branding, and a potential change of name. These issues have been deferred or discarded. CEAAC can move forward more aggressively by adopting explicit goals rather than spending time on a mission statement. Moreover, the membership felt that CEAAC's reputation has already become positive with our legal settlements. Finally, regarding a new name, reasons in favor of a change seemed to be outweighed by the potential costs and loss of name recognition.

Ongoing/Continuation Initiatives

Kasayulie

CEAAC settled the Kasayulie litigation after 14 years in the fall of 2011. The settlement requires the state to construct five schools over three years and to repay CEAAC \$500,000 in legal fees. In addition, the settlement recognizes the constitutional necessity of a mechanism to provide automatic funding to rural school construction, which passed the legislature in 2010 as SB 237, and is now in statute at AS 14.11.025 and 14.11.030 (called the "Hoffman Mechanism" after CEAAC's legislative champion, Senator Lyman Hoffman).

Two major tasks remain to implement the aims of the Kasayulie settlement, requiring extensive legislative effort and communication.

Tasks

1. **Maintain separation of the Hoffman Mechanism and the funding of the five schools.** In the FY13 budget, the Parnell Administration attempted to allocate mechanism funds to the Emmonak School it had agreed to fund separately in the settlement. While that problem appears to have been corrected by the legislature, CEAAC will advocate for a proper funding source in the Governor's budgets in the succeeding two years. Accelerating funding of the five schools into two years instead of three would be CEAAC's preferred solution.
2. **Seek legislation to make the Hoffman Mechanism available to more schools** and to assure that Mechanism funds are fully expended for rural schools. These efforts will address the problem explained above, but also have merit independently. The changes are as follows:

- **Expand the Hoffman Mechanism** to be applicable to non-REAA, single-site districts with fewer than 300 students. In particular, CEAAC seeks to obtain funding for a replacement school for St. Mary's, which is not included in the mechanism as currently drafted. Generally, fairness and good public policy demand that the funds go to schools that are identically situated to the REAA schools except for the fact that they are within incorporated communities.
- **Spend Hoffman Mechanism funds on the CIP Major Maintenance List.** Allocating funds to this list will benefit more districts faster. Moreover, many projects on the Major Maintenance List could as easily be on the New Construction List, as there seems to be no clear rationale of why projects are placed on one list or the other.

Timeline

- Summer-fall 2012: Work with legislators to communicate our goals. Meet with Governor Parnell to request support.
- April 2013: Obtain passage.

Moore

CEAAC settled the Moore litigation with the State of Alaska in January, 2012, with an agreement that calls for expenditure of \$18 for four programs designed to address root causes of low achievement in underperforming schools. The funds are expected to last three years, requiring CEAAC to aggressively pursue continuation funding while also working to make the programs successful in their initial years. The structure of the settlement provides CEAAC with considerable influence over the expenditure of the funds, which also creates responsibility to see the work done effectively.

Tasks

1. Set up implementation structure. CEAAC and the Department of Education should rapidly set up the Moore Collaborative Committee, define its program, and hire necessary staff.
2. Design grant programs and pre-written grants and get documents to districts in time for programs to start in the fall.
3. Process, approve and disburse grant funds in time for fall 2012.
4. Design the two-year-kindergarten program with input from districts to be ready to begin operations in all applicable schools in the fall of 2013.
5. Monitor and record success of the programs and communicate success to the public and policy makers.
6. Work with the legislature, the governor and the public to make the programs permanent.

Timeline

- April 2012: Set up Moore Collaborative Committee and staff.
- June 2012: Grant programs in place.

- August 2012: First round grants approved.
- September 2012: Two-year-kindergarten program details complete.
- October 2012: Prepare legislation to make programs permanent.
- January 2013: HSGQE remediation expenditures begin.
- March 2013: Two-year-kindergarten district programs approved.
- April 2013 (or before April 2015): Permanent funding of Moore programs approved.
- August 2013: Students arrive in two-year-kindergarten programs.

Organizational Development

In 2011-12, CEAAC increased from 18 to 22 member school districts, and lowered the cost of membership by an average of more than 50%. However, dues costs remain a primary reason for new districts choosing not to join CEAAC. Increased membership and lowered dues can strengthen the organization. CEAAC pursued an initiative to obtain grant funding for our core activities and found little interest from foundations. Further pursuit of grants should be for discrete initiatives supported by granting organizations and accounted for separately from CEAAC's base budget.

Tasks

1. Continue to hold down costs and recruit new school district members, with a goal of dues reduction by 25% and a total of 26 members.
2. Recruit five dues-paying non-school members, such as Native, professional and community organizations sharing CEAAC's goals.
3. Manage Kasayulie legal fee reimbursement as a permanent legal defense fund and emergency account, as well as funding a separate Spike Jorgensen Scholarship endowment. Invest these funds with an extended time horizon.
4. Establish criteria, rules and process for awarding of the Jorgensen Scholarship.
5. Seek grants when working with partners who need CEAAC support for initiatives of their own choosing; do not pursue grants for core activities.
6. Develop additional contract personnel who can support and potentially act as successors to the executive director and political director.

Timeline

- April 2012: Jorgensen Scholarship guidelines and annual budget approved.
- August 2012: Kasayulie settlement investment fund created and allocated.
- October 2012: Deputy contract personnel retained for executive director and political director.
- July 2013: 26 school district members on roster, dues reduced 25% from 11-12 level; five new non-district members.

Major New Initiatives

Regional Residential Learning Centers

Small village high schools offer important opportunities for students to study while staying at home with family and community, but these schools usually lack the resources to offer a comprehensive curriculum for high achievement, career and technical education, or college preparation. Fifty-seven high schools in Alaska have 10 or fewer students. To get the education they need, many students leave for boarding schools, taking them away from home and further weakening the village schools. CEAAC supports development of a hybrid solution that would allow students to attend Regional Residential Learning Centers, relatively near home, for varying lengths of time, while still remaining enrolled in their village schools.

Several districts are already experimenting with this concept. Others are interested in pursuing it or partnering with other districts to offer the option. CEAAC consultant Jerry Covey has studied the issue and produced a report supporting further study, titled *Saving Alaska's Small Off-The-Road System High Schools* (attached).

At the same time, some CEAAC members have expressed trepidation about the concept. CEAAC's support should be developed through an in-depth study process that takes concerns into account. Key concerns that must be addressed include:

- Any regional concept would have to augment rather than detract from existing village schools. Funding would be additive and students would still be counted at their home schools and able to spend substantial time at home with families.
- A learning center statute would have to be flexible to address differences in Alaska's regions and the different situations of small and large districts. Participation would be optional for districts and parents.
- Whether as a model or for full implementation, the concept requires solid, sustainable funding. CEAAC does not support short-term projects that end without lasting benefit for students.

Tasks

1. Retain Jerry Covey with CEAAC core funds and grant support to develop and study the regional learning center concept with each of Alaska's regions, producing a report that clarifies district needs, program parameters, and funding, and which addresses stakeholder aspirations and concerns.
2. Present the Covey report to the Alaska Federation of Natives and request statewide support.
3. Obtain legislation to implement the concept, including a new funding stream for districts that have already pioneered building regional centers.

Timeline

- May 2012: Jerry Covey on board with grant and CEAAC support, begins work on report.

- September 2012: CEAAC adopts Covey report.
- October 2012: Covey report to AFN.
- November 2012: Legislation drafted, work with legislators and administration.
- April 2013: Legislation and funding approved.
- August 2014: Center or centers begin accepting students.

Education Research and Support Institute

Alaska needs a centralized source of applied education research that can act as a professional service desk for districts. An institute could study district issues and recommend solutions, develop or align curriculum for individual districts, research grants and assist with applying for funds, assist with culturally relevant standards and materials, study and review professional standards, and identify broadly needed reforms. For larger districts, the research function could help to identify needs and to plan improvements. For smaller districts, the service function would provide capacity to comply with high-level administrative tasks and to access funding sources requiring complex processes.

Several institutions in Alaska have a piece of the mandate for this institute, but none is fulfilling district needs, and work tends to be uncoordinated and poorly communicated. The new UAA Center for Alaska Education Policy Research is a step in the right direction, but is too small and is focused on broad policy research and not fine-grained district priorities. The DEED could perform a supportive function for districts, but has become more focused on compliance and lacks capacity to provide adequate assistance. Various districts and parts of the UA system have taken on other discrete pieces or projects as well.

A primary challenge of this effort would be to identify existing resources and organizational mandates and develop a clearly defined concept for CEAAC's goal. Initially, CEAAC members would have to study their own needs.

Tasks

1. Gather information on existing assets. Network with researchers and others who could contribute to this vision.
2. Convene CEAAC members and other potential users to identify and prioritize gaps and needs that a new institution could fulfill.
3. Create a collaborative working group of stakeholders, including researchers and research users, to design a new institute.
4. Draft legislation and a budget.
5. Legislative passage and funding.

Timeline

- September 2012: Provide CEAAC members with a report of existing resources and responses to researcher networking efforts.

- April 2013: Complete concept report on the institute for CEAAC board adoption.
- October 2013: Stakeholders adopt CEAAC concept to advance to legislation, if necessary.
- April 2014: Funding and legislative mandate for institute.
- January 2015: Institute in operation.

Double UA Teacher Production

Teacher quality is a cornerstone of school success.

Alaska produces only a third of the new teachers needed annually. Principals also are in short supply. Research indicates that teachers from within Alaska stay longer. They also have a better chance of being prepared for the environments and cultures in which they will work. Some districts struggle to find qualified applicants. Even districts that are currently satisfied with the pool of applicants available to them can benefit, however, as a greater production of teachers in Alaska will improve the overall quality of applicants by raising the level of competition. As the national economy improves, this need will grow as the demand for teachers increases. Similar considerations apply for hiring administrators.

In addition, teacher education in Alaska can be improved by focusing on the needs of the districts which are the ultimate clients of the University's schools of education. Some districts report new teachers with deficits in cultural understanding, subject matter mastery, and practical experience. These needs, and others, can best be addressed by creating a system of stakeholder ownership that will bring information on needs and outcomes from the hiring districts to university administrators and professors.

Tasks

1. Gather evidence and statistics about the problem from districts and published sources.
2. Study the successful initiative to increase the output of trained nurses from UAA and the Alaska Native Science and Engineering Program.
3. Work with UA to identify opportunities and limitations and begin collaboration.
4. Mobilize community groups and other supporters as part of an initiative with multiple goals (including reducing Alaska brain-drain and producing more Alaska Native teachers).
5. Obtain support of the regents and legislature, including funding.

Timeline

- October 2012: Report to board on the problem and path to change.
- January 2013: Relationships in place with University to address the issue.
- July 2013: Firm plan and proposal in place.
- July 2014: Complete year of outreach and gathering of support.
- April 2015: Legislative and regents support approved.
- July 2015: Program starts. First graduates expected spring 2019.

Areas of Support

CEAAC has more goals than the capacity to pursue them. However, some priorities can be achieved by exploiting opportunities that present themselves, or by leveraging other relationships and ongoing attention where needed. The following priorities will remain important agenda items for CEAAC in our legislative program and other forums where we have influence.

At-risk funding factor in state formula

CEAAC believes state formula funding for education should recognize the higher cost of teaching at-risk students. An at-risk factor would benefit rural and urban districts alike, providing resources for whatever needs they identify for their struggling students. Students eligible for the factor would be identified by socioeconomic and language disadvantages, with research targeting those indicators correlating with low achievement. In the current political environment, however, we do not plan to advocate for a formula rewrite; instead, we would bring this idea forward in the context of a rewrite when that was already happening for reasons beyond our control.

Technology, connectivity and distance learning

Some districts are critically handicapped by slow or expensive Internet connections. Others have usable connections but depend on the Alaska Learning Network for the coordinated content they need; meanwhile, AKLN is threatened by legislative budget cutters. Where a school has a good connection and content, students may still lack technology or Internet connections at home, reducing their ability to do homework or become fully computer literate. CEAAC supports the investments necessary to resolve all these issues and will lend a hand where possible. However, other groups have prioritized technology in education, so we do not need to take a leadership role.

Federal aid

CEAAC supports districts' efforts to keep more federal aid. In Southeast Alaska, districts are threatened by loss of funds from the USDA's Secure Rural Schools Act. Statewide, schools are denied their share of federal impact aid provided in lieu of property taxes, as the State of Alaska absorbs those funds. Individual districts have addressed these issues. CEAAC will support them where we can be helpful, facilitate information sharing, and use our influence in contacting state and federal leaders.

Expand pre-k and other Moore initiatives

In responding to the orders of the court, the Moore settlement could only focus on only the lowest-performing schools. However, the solutions are applicable to all schools. Our primary goal in the near term must be on continuation of the Moore programs as a permanent part of the budget. However, we also support expansion of state supported pre-k for all children as a part of the school system. We also support Best Beginnings and Parents-As-Children. In addition, teacher retention grants and HSGQE funding should be provided to all schools in Alaska. During the 2012 legislative session CEAAC is barred from advocating for expanding these programs, but we will address them in future sessions.