

Leg Finance-House & Senate Fin Comte Files (1985-1986) 2453.05

PL 81-874 issues include:

1. If the state continues to deduct P.L. 81-874 revenues from state foundation entitlements, the state must pass the federal disparity test. Non-equalized local revenues provide the major source of disparities.
2. If the state passes the federal disparity test, the amount of P.L. 81-874 deduction in a district is limited by federal regulation to the percentage that the "Local Revenues included in the State Equalization Plan" is of "Total Local Revenues" in the district. Presently, with no local revenues from city/boroughs included in the State foundation plan, no P.L. 81-874 revenues can be deducted in city/boroughs. With no local revenues in REAAs, the formula does not apply, and theoretically all P.L. 81-874 revenues can be deducted.
3. If the state reduces or eliminates the deduction for P.L. 81-874 revenues from REAAs, the result will be significant revenue shifts among districts with high P.L. 81-874 districts benefiting the most.
4. The state is a direct applicant for P.L. 81-874 funds which results in a direct revenue to the state of approximately 20.0 million dollars from P.L. 81-874, primarily based upon students attending on-base schools. The federal government is questioning this practice which, if disallowed, would require state statutory changes and would result in loss of state revenue and extreme revenue shifts among districts.

Presently, the state deducts 80% of the prior year's P.L. 81-874 revenues received by a REAA from the district's foundation entitlement. This deduction statewide (approximately \$30.0 million in FY86) is in effect "state" revenue for the purpose of foundation funding. There is no deduction of local taxes or P.L. 81-874 revenues from city/borough school districts. The 80% deduction from REAAs (approximately \$30.0 million) is in effect redistributed throughout the entire state. The city/boroughs, who contribute nothing, receive a share of the REAAs' P.L. 81-874 funds.

By federal statute and regulation the amount of P.L. 81-874 funds which can be deducted in each district is restricted to the percentage calculated as follows:

$$\text{Percentage} = \frac{\text{Local revenues included in State equalization plan}}{\text{Total Local Revenues}} \times 100$$

The formula is applicable to city/borough school districts but not to REAAs.

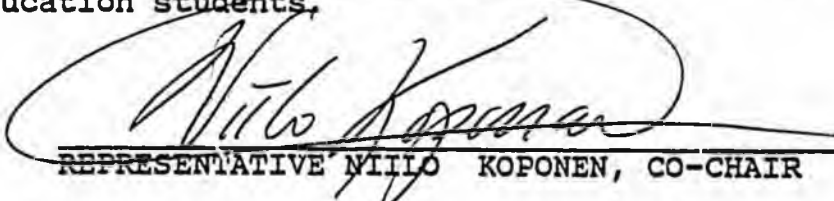
In city/borough districts, which have local revenues, but none of which are included in the State's equalization plan, the formula percentage is zero -- no P.L. 81-874 revenue can be deducted. In REAAs, which have no local revenues, the formula does not apply. However, before any P.L. 81-874 revenues can be utilized in the State equalization plan, the federal disparity test must be passed by the state. Non-equalized local revenue is the primary determinant of disparities among districts.

If there is a change in the present 80% deduction of P.L. 81-874 revenues from REAAs, there will be revenue shifts among districts.

With a lower percentage deduction, high P.L. 81-874 districts will show increasing revenues and low P.L. 81-874 districts will receive less. City/borough districts, with no deduction for P.L. 81-874 revenues, will have less revenue.

Approximately another 20.0 million dollars of P.L. 81-874 revenue is received directly by the state for those students for whom the state is the applicant agency. The vast majority of the students being counted in this category is students from military bases being served in "on-base" schools in Anchorage and Fairbanks. At this writing, the state's practice of being a direct applicant for P.L. 81-874 revenues is being questioned formally by the federal government. If it was ruled by the federal government that the state could not be an applicant, statutory changes would be required to permit the local districts serving these students to claim them for P.L. 81-874 funding. The fiscal impact would fall on districts and the state. There would be a net loss of revenue to the state which would impact all school districts. Local school districts claiming the students would have increased revenues from P.L. 81-874. Tuition payments could be terminated to city/borough districts for the students who would be claimed for P.L. 81-874.

In the future, instead of the current, arbitrary 80%/20% split, the State should take credit for 100% of PL 81-874 monies less the actual percentage due for the inclusion of special education students.

  
REPRESENTATIVE NIILLO KOPONEN, CO-CHAIR

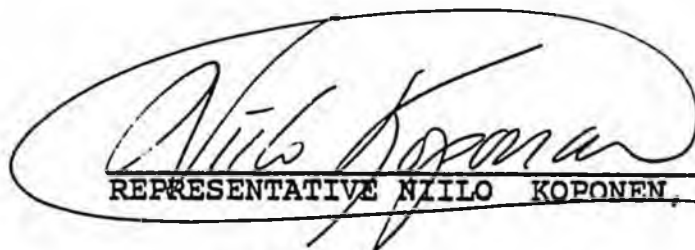
  
REPRESENTATIVE MAX F. GRUENBERG, JR., CO-CHAIR

LETTER OF INTENT REGARDING DEPARTMENT OF EDUCATION BUDGET  
HOUSE HESS COMMITTEE

CSHB 604(HESS) and CSSSHB 67(HESS)

In consideration of the Department of Education budget, we urge that the Department maintain both direct pupil services and the planning and statistical analysis functions upon which the Legislature depends for reasonable public policy development.

We are pleased to note the progress the Department has made in requiring school districts to report fiscal and statistical data in a uniform and comprehensive manner. The Legislature desires that this process continue and be perfected, in order that the costs of educational services can be analyzed adequately. Only in this manner can finances be directed to yield the best educational result for each child; and costs due to isolation, distance and problems of scale (thus beyond the control of school management) be equalized. Past failure to provide data that the public and the Legislature could have confidence in, combined with political pressure, has created a flagrant inequity in the distribution of state funds among districts and exacerbated the difficulties in arriving at a workable, equitable formula and in dealing with the decline in state revenues as it effects public education.



REPRESENTATIVE NIILLO KOPONEN, CO-CHAIR



REPRESENTATIVE MAX F. GREENBERG, JR., CO-CHAIR

2/14 SUP 85

## STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST** HB 604 - Page 1 of 2  
 Bill/Resolution No. : 377-031-86  
 Title : State Support for Education  
 \_\_\_\_\_  
 Sponsor : Governor  
 Requestor : Governor  
 Date of Request : February 7, 1986

**FISCAL DETAIL**  
 Agency Affected: Department of Education  
 BRU: K-12 Support  
 \_\_\_\_\_  
 Components : Foundation Program  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		6,691.2	10,278.8	10,278.8	10,278.8	10,278.8
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		6,691.2	10,278.8	10,278.8	10,278.8	10,278.8
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		6,691.2	10,278.8	10,278.8	10,278.8	10,278.8
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Post FY-87 year costs are estimates; actual costs will vary based upon student enrollments. The difference between FY-87 and succeeding fiscal years is due to one year only limitation on increases in funding (Sec. 14.17.035). See attached detail.

Prepared by : Steve Hole Phone : 465-2800  
 Division : Commissioner's Office Date : February 7, 1986

Approved by Commissioner : Harold Reynolds, Jr. Date : February 7, 1986  
 Agency : Department of Education

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HB 604 - Page 2 of 2

School Funding Formula Alternatives  
February 3, 1986

	Revenue Sources
State	\$ 464,453.6
P.L. 874	50,000.0
2 Mills *	64,115.1
	-----
TOTAL	\$ 578,568.7

\* Maximum \$1,000 per student per mill

<u>Alternatives</u>	<u>Funding</u>	<u>Maximum Gain</u>	<u>Maximum Loss</u>
A	No increase	5.0 percent	11.5 percent
B	No increase	3.5 percent	10.0 percent
C	+ 6.7 million	5.0 percent	5.0 percent
D	+ 16.7 million	5.0 percent	No loss
E	+ 20.3 million	No limitation	No loss

PREPARED FOR: GOVERNOR'S OFFICE  
 TOTAL DOLLARS: 464,453.6 + 30,000 = 64,445.4  
 EQUALIZATION AT: 2 MILLS  
 GAIN: 5% LOSS: 5%

DATE: 1/23/86  
 UNIT VALUE: \$2777  
 TOTAL: \$379,369.7

DISTRICT	ENROLLMENT	TOTAL UNITS	FORMULA DOLLARS	PROPOSED FY86 COMPARISON	ACTUAL EACH	ACTUAL LOSS	5% LOSS PERCENTUM OF ENROLLMENT	PERCENT GAIN OR LOSS
ADAK	607	1,396,700	3,226,869	4,193,769		219,689	3,226,869	-5.00
ALASKA GATEWAY	316	1,677,532	4,322,360	4,336,230	56,137		4,322,360	0.32
ALEUTIANS	87	661,492	1,621,632	1,606,667	75,435		1,621,632	0.91
ANCHORAGE	40674	62,737,462	174,473,279	174,311,730	2,784,549		174,473,279	1.73
ANNETTE	413	597,641	2,403,364	2,322,333		141,143	2,403,364	-5.00
BERING STRAITS	1233	3,713,750	13,327,667	13,240,305	137,064		13,327,667	1.23
BRISTOL BAY	241	719,421	1,727,864	2,042,759		132,136	2,042,759	-5.00
CHATHAM	308	1,123,174	3,123,174	2,732,374	136,144		3,123,174	5.00
CHUGACH	128.5	472,124	1,477,313	1,371,233		78,565	1,477,313	-5.00
COPPER RIVER	375	1,712,577	4,713,879	4,232,373	214,613		4,713,879	5.00
CORCOVA	370	966,796	2,234,222	2,021,046		46,361	2,234,222	-2.00
CRAIG	136	311,223	1,437,208	1,477,481		62,173	1,417,308	-1.40
DELTA	1064	2,064,654	5,779,172	6,266,768		333,438	6,333,331	-5.00
DILLINGHAM	463	1,027,352	3,074,249	4,389,640		219,482	4,170,158	-5.00
FAIRBANKS	13431	21,222,692	58,786,858	59,243,311		2,156,454	58,786,858	-1.73
GALENA	146	426,538	1,131,348	1,333,969		77,798	1,478,171	-5.00
HAINES	350.5	549,691	2,353,558	2,300,641		125,042	2,375,798	-5.00
HOONAH	214	524,199	1,452,005	1,440,912	11,093		1,452,005	0.77
HYDABURG	97	330,028	914,344	945,788		35,444	914,344	-3.73
IDITAROD	399	1,931,444	5,350,399	6,212,829		310,641	5,902,188	-5.00
JUNEAU	4700	7,651,829	21,495,566	20,931,678	263,888		21,195,566	1.26
KAKE	202	379,951	1,598,463	1,316,602	73,830		1,592,432	5.00
KASHUNAMSIUT	166	679,637	1,856,220	1,762,994	55,130		1,788,144	5.00
KENAI	8547.8	14,546,336	40,293,352	41,250,315		956,964	40,293,352	-2.32
KETCHIKAN	2439	3,299,536	10,601,889	9,973,835	456,692		10,472,527	5.00
KING COVE	120	375,792	1,341,414	1,213,582		60,829	1,155,753	-5.00
KLAWOCK	156	465,519	1,289,466	1,214,510	60,736		1,275,236	5.00
KODIAK	2278	4,477,092	12,401,546	14,147,365		707,378	13,440,137	-5.00
KUSPUK	468	2,002,109	5,545,647	6,948,646		347,432	6,601,216	-5.00
LAKE & PENN	370	1,962,530	5,436,263	5,755,130		297,738	5,637,393	-5.00
LOWER KUSKOKWIM	2675	9,600,570	27,447,560	30,651,950		2,154,648	29,158,300	-5.00
LOWER YUKON	1236	3,341,939	14,797,310	13,193,074	359,654		13,352,728	5.00
MAT-SU	9366	13,666,439	37,856,012	38,664,515		1,008,505	37,656,012	-1.59
NENANA	126	393,067	1,388,773	1,432,355		70,126	1,332,137	-5.00
NOME	620	2,130,631	5,902,402	6,567,826		328,381	6,235,245	-5.00
NORTH SLOPE	1155	4,697,512	12,995,437	13,363,350		367,861	12,995,437	-1.75
NORTHWEST ARCTIC	1526	6,399,253	17,725,930	16,463,851	669,153		17,308,045	5.00
PELICAN	54	196,833	545,227	718,855		35,940	682,912	-5.00
PETERSBURG	596.5	1,116,107	3,091,616	2,974,478	117,138		3,091,616	0.34
PRIBILOFS	169	730,519	2,023,533	2,316,346	6,592		2,023,533	1.33
RAILBELT	357	1,052,380	2,915,051	3,546,081		177,304	3,568,777	-5.00
SAND POINT	115	362,866	1,035,133	1,132,734		55,639	1,078,144	-5.00
SITKA	1654	2,772,649	7,676,564	7,175,242	356,762		7,534,004	5.00
SKAGWAY	136	333,913	938,803	977,678	43,884		921,552	5.00
SOUTHEAST ISLAND	458	1,764,975	4,668,992	4,603,816	230,191		4,834,007	5.00
SOUTHWEST REGION	486	2,624,937	7,271,075	6,724,732	336,237		7,061,021	5.00
ST. MARY'S	115	493,164	1,365,787	1,756,039		89,802	1,706,237	-5.00
TANANA	73	301,959	836,426	1,136,201		55,310	1,050,891	-5.00
UNALASKA	141	472,623	1,325,792	1,414,477		70,724	1,343,753	5.00
VALDEZ	791	1,942,267	5,380,786	5,313,607		138,721	5,380,086	-1.21
WRANGELL	451	957,271	2,651,640	2,446,179	122,009		2,562,168	5.00
YAKUTAT	157	450,546	1,243,011	1,300,622		52,610	1,248,011	-1.15
YUKON FLATS	377	2,082,268	5,765,112	6,076,486		363,624	5,772,662	-5.00
YUKON KOYUKUK	596	2,701,533	7,433,246	8,176,324		408,826	7,767,698	-5.00
YUPIIT	283	1,230,602	3,467,106	3,270,090	127,016		3,407,106	4.19

PREPARED FOR: REP. RON LARSON  
 TOTAL DOLLARS: 464,453.6 + 50,000 + 64,115.1  
 QUALIFICATION AT 2 MILLS  
 GAIN: NONE LOSS: NONE

DATE: 2/3/66  
 UNIT VALUE: \$2770.869  
 TOTAL: \$578,568.7

STRICT	ENROLL- MENT	TOTAL UNITS	FORMULA DOLLARS	PROJECTED FY86 COMPARISON	total gain	total loss	ALL LOSS ALL GAIN	percen gain o loss
AK	607	1396.700	3670074	4193763		-323689	3870074	-7.72
ASKA GATEWAY	516	1679.552	4653820	4636260	17560		4653820	0.38
AUTIANS	87	661.192	1832078	1508667	323411		1832078	21.44
ANCHORAGE	40674	62987.462	174530006	171510730	3019276		174530006	1.76
ANETTE	413	867.641	2404118	2822855		-418737	2404118	-14.83
ERING STRAITS	1233	5713.960	15832634	15640605	192029		15832634	1.23
RISTOL BAY	241	710.420	1968481	2642759		-674277	1968481	-25.51
IATHAM	306	1128.174	3126023	2762874	363149		3126023	13.14
IUGACH	128.5	432.244	1197691	1571298		-373607	1197691	-23.78
OPPER RIVER	575	1702.877	4718450	4292375	426075		4718450	9.93
ORDOVA	390	806.746	2235386	2281046		-45660	2235386	-2.00
RAIG	186	511.663	1417752	1479481		-61729	1417752	-4.17
ELTA	1084	2064.684	5720970	6668768		-947798	5720970	-14.21
ILLINGHAM	465	1109.852	3075255	4389640		-1314385	3075255	-29.94
AIRBANKS	13431	21222.692	58805300	59943311		-1138011	58805300	-1.90
ALENA	146	426.588	1182019	1555969		-373950	1182019	-24.03
AINES	350.5	849.660	2354297	2500841		-146544	2354297	-5.86
COONAB	214	524.190	1452460	1440912	11548		1452460	0.80
YDABURG	97	330.088	914631	949788		-35157	914631	-3.70
DITAROD	399	1931.444	5351778	6212829		-861051	5351778	-13.86
UNEAU	4700	7651.829	21202215	20931678	270537		21202215	1.25
AKE	202	579.951	1606967	1516602	90365		1606967	5.96
ASHUNAMIUT	166	670.837	1858802	1702994	155808		1858802	9.15
ENAI	8547.8	14546.336	40305992	41250315		-944323	40305992	-2.25
ETCHIKAN	2439	3899.596	10805268	9973835	831433		10805268	8.34
ING COVE	120	375.962	1041741	1216582		-174841	1041741	-14.37
LAROCK	156	465.519	1289891	1214510	75381		1289891	6.21
ODIAK	2278	4477.092	12405437	14147565		-1742129	12405437	-12.31
USPUK	408	2002.039	5547387	6948648		-1401261	5547387	-20.17
AKE & PENN	370	1962.550	5437969	5955150		-517181	5437969	-8.68
OWER KUSKOKHIM	2675	9800.570	27156097	30692950		-3536853	27156097	-11.51
OWER YUKON	1286	5341.989	14801952	13193074	1608878		14801952	12.11
AT-SU	9366	13666.430	37867888	38864516		-996629	37867888	-2.58
ENANA	126	393.067	1089136	1402565		-313429	1089136	-22.35
OME	850	2130.831	5904254	6567626		-663372	5904254	-10.15
ORTH SLOPE	1155	4691.512	12999566	13363350		-363784	12999566	-2.72
ORTHWEST ARCTI	1526	6399.253	17731491	16483852	1247639		17731491	7.57
ELICAN	54	196.833	545398	718855		-173457	545398	-24.17
ETERSBURG	596.5	1116.107	3092586	2974478	118108		3092586	3.91
RIBILOFS	169	730.519	2024173	2016846	7327		2024173	0.31
AILBELT	357	1052.380	2916006	3546081		-630075	2916006	-17.77
AND POINT	115	362.866	1005453	1132784		-127331	1005453	-11.21
ITKA	1654	2772.045	7680973	7175242	505731		7680973	7.01
SKAGHAY	136	338.918	939097	877678	61419		939097	7.01
SOUTHEAST ISLAN	458	1764.979	4890526	4603816	286710		4890526	6.21
SOUTHWEST REGIO	486	2624.937	7273356	6724782	548574		7273356	5.11
ST. MARY'S	115	493.064	1366215	1796039		-429823	1366215	-23.91
TANANA	78	301.959	836688	1106201		-269513	836688	-24.31
INALASKA	141	478.625	1326208	1414477		-88269	1326208	-5.21
ALDEZ	791	1942.269	5381774	5518807		-137033	5381774	-2.41
IRANGELL	451	957.271	2652471	2440179	212292		2652471	8.71
AKUTAT	157	450.546	1248403	1300622		-52219	1248403	-4.01
YUKON FLATS	377	2081.268	5766921	6076486		-309565	5766921	-5.01
YUKON KOYUKUK	596	2701.533	7485593	8176524		-690931	7485593	-8.41
YUPIIT	285	1230.002	3408175	3270090	138085		3408175	4.21
CENTRALIZED COP	824	4004.800	3022547	2409792	623755		3022547	25.81

BILL SHEFFIELD  
GOVERNOR



HB 604

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 14, 1986

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the financing of public schools in Alaska. The goal of the bill is to enact a new finance formula stipulating the methods that the Department of Education would use to distribute money to the 55 school districts across the State of Alaska. This fulfills my commitment to provide the Legislature with a program to replace the formula that was suspended in 1983.

The State Board of Education, the Department of Education, and the Funding Formula Advisory Committee worked very hard this past year with the school districts in arriving at this foundation program formula. The formula applies to every school district in the same manner, for any funding level. I think that all of us: the Legislature, the Executive Branch and the school districts, would admit that a new foundation program is really necessary. The problem is, no school district wants to accept simply the same amount of money as last year, or less.

In order to minimize the effects of the decreases in the new formula, and to limit the sizeable increases of some districts, I have attached a fiscal note to this legislation in the sum of \$6.7 million.

This \$6.7 million would limit the increase for any school district to 5 percent and would limit the decrease of any district to 5 percent. There is the possibility, and it's a very strong possibility, that my suggestion to limit the

increases and decreases to 5 percent would require no additional funds. History tells us that in all probability the student enrollments will not be as high as the school districts have projected. If this is the case, I suggest in the legislation that any money left over be used to hold harmless those districts that show a decrease because of the new formula.

As I said earlier, I think that most people agree that the foundation formula program is necessary and that this is a good program for reasons of accountability and control of state funds. Also, the proposed formula includes the following points:

- 1) it would distribute money based upon individual program and student needs;
- 2) the formula provides fair and consistent means of allocating resources to school districts;
- 3) it is based upon sound fiscal and administrative practices;
- 4) it accommodates varying levels of program costs;
- 5) it responds to costs associated with the location of school districts, and the training and experience of school teachers; and
- 6) one of the most important characteristics of the formula is its equalization component which reduces revenue disparities among districts; this will likely enhance the state's ability to utilize federal Public Law 81-874 revenues in the state finance plan.

For a more detailed explanation of the legislation, please see the attached section-by-section analysis.

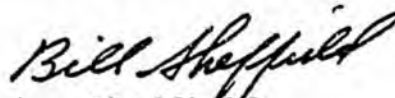
To allow unlimited increases for some districts as proposed by the formula program, and to hold the other districts harmless of a decrease, would take in excess of \$20 million and I cannot, in good conscience, attach a fiscal note for that sum. I'm not sure that even the \$6.7 million is available. However, this program is an indication of the Administration's good faith effort to remedy the existing inequities yet hold the negatively affected districts as harmless as possible.

The debt management program, controlling the growth of debt, and the budget reserve bill which I have introduced both tie into the theme of getting our arms around the growth of debt, and permitting the flexibility to manage our affairs during the lean years by using extra money put away when windfalls occur. I realize that one or two districts may feel that this proposal does not give them as much as they want or need and some program advocates may feel that their areas are not adequately supported by the new formula. For instance, there is some disagreement as to whether the formula provides adequate support for vocational education programs. I urge the Legislature to consider that issue

very carefully. In my view, no program is more important than those that prepare young Alaskans to enter the state's job markets.

I still maintain that the commitment to education must be our number one priority. Responsible legislative consideration of this bill will help keep it that way. I urge your prompt consideration of this measure.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

### SECTION-BY-SECTION ANALYSIS

The following is a section-by-section analysis of my bill proposing a new school finance formula:

Section 1 of the bill would amend AS 14.17.021 to provide that the state aid for which a school district is eligible is initially calculated by multiplying the funding unit value in sec. 7 of the bill by the number of units for which the district is eligible under sec. 5 of the bill, and then reduced, in the case of REAA's, by 80 percent (or some lower percentage, if required by federal law) of the district's federal aid under P.L. 81-874, as amended, and in the case of city or borough districts, the equivalent of a 2-mill property tax, whether or not the city or borough actually imposes such a tax, up to a limit of \$2,000 per student.

Section 2 of the bill would amend AS 14.17.022 to provide that the assistance for which the state correspondence study program is eligible is calculated by multiplying the funding unit value in sec. 7 of the bill by the number of funding units calculated under proposed AS 14.17.055(a), the basic funding units in sec. 6 of the bill based on the average daily enrollment in the program at each grade level. Unlike districts, correspondence study would not receive additional units based on special educational needs, teacher training and experience, and district demographic and location factors.

Sections 3 and 4 of the bill would add AS 14.17.025 -- 14.17.035 to establish a guaranteed funding level per student, and would limit increases during the first year of the new formula's operation.

Section 5 of the bill would add AS 14.17.045 to summarize the types of units which contribute to each district's total number of funding units.

Section 6 of the bill would add AS 14.17.055 to establish the manner in which each type of unit summarized in sec. 5 of the bill will be calculated. Under proposed AS 14.17.-055(a), basic K -- 12 units are determined by student membership in various grade levels, adjusted by a factor to reflect the expense of providing basic education at each level. Units for grades 3 -- 6 are taken as the base; kindergarten and grades 1 and 2 are adjusted upward to reflect the lower pupil/teacher ratios considered by educators to be necessary at those levels; and grades 7 -- 12 are adjusted upward to reflect the increased costs of education at the secondary level, primarily the costs of providing quality vocational education programs.

Under proposed AS 14.17.055(b) and (c), upward adjustments are made for districts with small schools or small district

enrollment. These units reflect the greater economies of scale in doing business in larger districts.

Under proposed AS 14.17.055(d), additional units are added for special education programs, depending upon the number of students enrolled in such programs and the type of services they receive.

Under proposed AS 14.17.055(e), units are added for bilingual/bicultural education programs, based upon enrollment.

Under proposed AS 14.17.055(f), units are added based upon the training and experience of the district's teachers. This factor is designed to take into account the increased costs to districts that have teachers with greater experience and advanced degrees.

Under proposed AS 14.17.055(g), units are added based upon a district location factor designed to reflect the increased costs of doing business in districts remote from major population centers, districts in which the schools are widely dispersed, and districts where transportation and utility costs are high. The district location indices in the bill were arrived at by adding a factor based upon a comparison between each district's salary schedule and the statewide average salary schedule to a factor based upon each district's total nonpersonnel costs for FY 1985.

Section 7 of the bill would establish the dollar value of each instructional unit.

Section 8 of the bill, amending AS 14.17.080, concerns administrative matters. It would require preliminary reports by the districts by October 15, rather than October 30, of each year. This change will help the governor's office in budget planning, as will the elimination of district supplemental programs under AS 14.17.061 (repealed in sec. 18 of the bill).

Under sec. 9 of the bill, the school operating fund balance limits of AS 14.17.082 will operate only on unrestricted, undesignated fund balances rather than on the entire fund balance. The limits on those balances are based on ADM/FTE (average daily membership/full-time equivalent) rather than on the old instructional units. The amount of unrestricted, undesignated balances in a district's operating fund in excess of the limits set by AS 14.17.082 will be deducted from any increases in state aid to the district or any amount needed to meet the guaranteed funding level of proposed AS 14.17.025 (sec. 3 of the bill).

Section 10 of the bill makes some amendments to AS 14.17.150 which are technical revisions and some which are to delete

references to supplemental programs dealt with in the repealed AS 14.17.061.

The amendments to AS 14.17.160, in sec. 11 of the bill, (1) conform that statute to the amendments to AS 14.17.080, regarding preliminary reports, and (2) slightly revise the schedule for the monthly payment of state aid to school districts, to conform to revisions made in sec. 12 of the bill.

Section 12 of the bill would provide for two student counting periods, one required after the fourth Friday in October and one optional after the second Friday in February. Each district may elect to have its aid calculated on the basis of the second report if that calculation produces more state aid. The schedule for payment of the recomputed balance of a school district's state aid is slightly revised because of the addition of the optional second counting period that ends in mid-February.

The amendments to AS 14.17.180 in sec. 13 of the bill conform that section to the new finance formula and related procedures, and require the commissioner to withhold the amount of an overpayment to a school district if the school district fails to repay as required. The amendments to AS 14.17.190 in sec. 14 are intended to make it clear that interest earned by school districts on foundation payments, as well as the payments themselves, are subject to state audit and control.

Section 15 of the bill provides for pro rata distribution to school districts and centralized correspondence study programs if, in any fiscal year, the legislature does not appropriate the full amount of money generated by the funding formula. If, after final computation of aid for each district, the amount appropriated exceeds the amount for which districts are eligible under AS 14.17, the excess will be distributed pro rata among school districts that would otherwise receive less aid under the new finance formula than they would have received under sec. 2, ch. 75, SLA 1985.

Sections 16 and 17 of the bill amend the definition section in AS 14.17 to reflect other amendments to the finance formula and to clarify language. Section 17's reference to "part-time students" is intended to cover students such as kindergarten students attending only half days or high school students nearing graduation who are attending classes less than full-time.

Section 18 of the bill repeals an assortment of statutes. Of those not mentioned earlier, all but AS 14.17.081, 14.17.205, and 14.17.225(f) are repealed because they relate

to the old finance formula. AS 14.17.081 requires that a minimum percentage of a district's budget be spent on the instructional component, and provides a process for obtaining a waiver of that requirement. Based upon its experiences, the Department of Education believes that that requirement is not necessary.

Current AS 14.17.205 provides for state aid to school districts that receive a federal allowance for free or reduced-price lunches under the Federal Nutrition Act. That statute is repealed because federal funding is no longer available under the program. AS 14.17.225(f) is repealed because it provides for appropriations for that lunch program.

Finally, please note that funding for Mt. Edgecumbe High School is not contemplated under the new finance formula, but will be handled separately.

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Cal  
4/17

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CS HB 604 (HESS)  
 Title : "An Act relating to state support for education; and providing for an effective date."  
 Sponsor : House HESS  
 Requestor : House HESS  
 Date of Request : 4/17/86

**FISCAL DETAIL**

Agency Affected : Dept. of Education  
 BRU : \_\_\_\_\_  
 Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		0	0	0	0	0

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

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

Prepared by : House HESS Phone : 465-3759  
 Division : \_\_\_\_\_ Date : 4/17/86

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

ALASKA STATE LEGISLATURE

...14th Legislature SECOND.. Sessio

HOUSE ...BILL..... NO. ..604..

By THE RULES COMMITTEE BY.....  
REQUEST OF THE GOVERNOR

"An Act relating to state support for education; and providing for an effective date."

state support of education

Introduced in the House ... 2/14... 19..86

HISTORY IN THE HOUSE

19 86	Read first time and referred to Committee on
Feb 14	HESS AND FINANCE
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by Speaker
	Sent to Senate
	CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Read first time and referred to Committee on
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by President
	Returned to House
	SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor ..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

Offered: 4/17/86  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE  
2  
3  
4  
5  
6 BY THE HEALTH, EDUCATION AND  
7 SOCIAL SERVICES COMMITTEE  
8 CS FOR HOUSE BILL NO. 604 (HESS)  
9 IN THE LEGISLATURE OF THE STATE OF ALASKA  
10 FOURTEENTH LEGISLATURE - SECOND SESSION  
11 A BILL  
12 For an Act entitled: "An Act relating to state support for education; and  
13 providing for an effective date."  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
15 \* Section 1. AS 14.17.021 is repealed and reenacted to read:  
16 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
17 assistance that a school district is eligible to receive from the  
18 public school foundation account in each fiscal year is initially  
19 calculated by multiplying the funding unit value established under  
20 AS 14.17.056 by the total number of allowable funding units for the  
21 district established under AS 14.17.045.  
22 (b) The amount of assistance established under (a) of this  
23 section is then reduced by  
24 (1) for all school districts, 80 percent of the federal  
25 financial assistance received by the district under 20 U.S.C. 236 -  
26 244 (P.L. 81-874, as amended) for the preceding fiscal year, or some  
27 lower percentage of that assistance if necessary to comply with 20  
28 U.S.C. 240(d) and the regulations adopted under it (34 C.F.R. Part  
29 222, subpart G);  
(2) for city or borough school districts, an amount equal  
to an assessment of two mills on 100 percent of the full and true  
value, as reported by the Department of Community and Regional Affairs  
under AS 14.17.140, of the taxable real and personal property in the  
district on January 1 of the assessment year preceding the year in  
which the fiscal year in (a) of this section begins, up to a limit of

1       \$1,000 per mill, multiplied by the district's ADM/FTE.

2       \* Sec. 2. AS 14.17.022 is amended to read:

3               Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.  
4       Funds for providing centralized correspondence study programs for  
5       students not enrolled in an approved school district correspondence  
6       study program must [SHALL] include an amount [APPROPRIATION] from the  
7       public school foundation account [IN AN AMOUNT] calculated by multi-  
8       plying the funding unit value established under AS 14.17.056 by the  
9       number of allowable basic funding units that would be established  
10       under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11       centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12       NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13       CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14       \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15               Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
16       funding units within each school district for any fiscal year is the  
17       sum of the following, calculated to the third decimal place, for that  
18       fiscal year:

19               (1) the number of basic funding units for each city or  
20       unincorporated community in the district, calculated under AS 14.17.-  
21       055(a);

22               (2) the number of funding units for cities or unincorporat-  
23       ed communities in the district with low school enrollments calculated  
24       under AS 14.17.055(b);

25               (3) the number of funding units for districts with low  
26       school enrollments that have at least one city or unincorporated  
27       community with an ADM/FTE greater than 500, calculated under AS 14.-  
28       17.055(c);

29               (4) the number of funding units for special education

1 calculated under AS 14.17.055(d);

2 (5) the number of funding units for bilingual/bicultural  
3 education calculated under AS 14.17.055(e);

4 (6) the number of funding units for vocational education  
5 calculated under AS 14.17.055(f);

6 (7) the number of funding units for training and experience  
7 of district personnel calculated under AS 14.17.055(g); and

8 (8) the number of district location units for the district  
9 calculated under AS 14.17.055(h).

10 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
12 of basic funding units for each district is the sum of units calculat-  
13 ed by the department for each city or unincorporated community within  
14 the district according to the following table:

15	(1) Kindergarten	ADM/FTE x 1.3
16	(2) Grades 1 - 2	ADM/FTE x 1.15
17	(3) Grades 3 - 6	ADM/FTE x 1.0
18	(4) Grades 7 - 12	ADM/FTE x 1.2

19 (b) Small school funding units for cities or unincorporated  
20 communities with K - 12 ADM/FTE of 500 or less are calculated accord-  
21 ing to the following table:

22	ADM/FTE	UNITS
23	1 - 10	25
24	11 - 15	25 + (4 x (ADM-10))
25	16 - 25	45 + (1 x (ADM-15))
26	26 - 200	55 + (0.5 x (ADM-25))
27	201 - 500	142.5 + (0.025 x (ADM-200))

28 (c) Economy of scale units are calculated according to the  
29 following formula for school districts with K - 12 ADM/FTE greater

1 than 500 and no more than 3,500, and with at least one city or unin-  
2 corporated community with an ADM/FTE greater than 500:

3 Units =  $\frac{(3,500 - \text{District ADM/FTE})}{3,000} \times 150$   
4

5 (d) Special education funding units according to the following  
6 table are added for each city or unincorporated community within the  
7 district based on the number of students enrolled in each program  
8 category on the last day of the counting period under AS 14.17.170  
9 that is used to determine state aid:

10 (1) Resource Services

11 Enrollment	Funding Units
12 1 - 8	10.000
13 9 - 18	20.000
14 Over 18	20 x (Enrollment/18)

15 (2) Self-Contained Services

16 Enrollment	Funding Units
17 1 - 5	10.000
18 6 - 10	20.000
19 Over 10	20 x (Enrollment/10)

20 (3) Gifted-Talented Services

21 Enrollment	Funding Units
22 1 - 9	5.000
23 10 - 19	10.000
24 20 - 29	15.000
25 30 - 40	20.000
26 Over 40	20 x (Enrollment/40)

27 (4) Intensive Services

28 Enrollment	Funding Units
29 3	20.000

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Over 3                      20 x (Enrollment/3)

(e) Bilingual/bicultural funding units are calculated by multiplying by 0.7 the number of students enrolled in bilingual classes, approved by the department, as of the last day of the counting period under AS 14.17.170 that is used to determine state aid.

(f) Vocational education funding units are calculated by multiplying by .5 the number of ADM/FTE students enrolled in vocational education classes approved by the department, as of the last day of the counting period under AS 14.17.170 that is used to determine state aid.

(g) District training and experience funding units for any fiscal year are calculated by multiplying 40 percent of the subtotal of units calculated under (a), (b), (c), (d), (e), and (f) of this section for that fiscal year by the district's training and experience index. The training and experience index is determined as follows:

(1) the department shall assign each district teacher to a value in the following table in accordance with regulations adopted by the department:

Years of Experience	Training					
	BA	BA+	MA	MA+18	MA+36	MA+54
0	1	2	3	4	5	6
0	0.00	0.05	0.15	0.20	0.25	0.30
2	0.10	0.15	0.25	0.30	0.35	0.40
5	0.25	0.30	0.40	0.45	0.50	0.55
8	0.35	0.40	0.50	0.55	0.60	0.65
10		0.50	0.60	0.65	0.70	0.75
12			0.65	0.70	0.75	0.80
15			0.75	0.80	0.85	1.00

In the training side of this table,

1 (A) column 1 refers to a salary based upon a bache-  
2 lor's degree;

3 (B) column 2 refers to a salary based upon semester  
4 hours beyond a bachelor's degree but less than a master's degree;

5 (C) column 3 refers to a salary based upon a master's  
6 degree or its equivalent;

7 (D) column 4 refers to a salary based upon a master's  
8 degree plus 18 or more, but fewer than 36, semester hours of  
9 training or the equivalent;

10 (E) column 5 refers to a salary based upon a master's  
11 degree plus 36 or more, but fewer than 54, semester hours of  
12 training or the equivalent;

13 (F) column 6 refers to a salary based upon a master's  
14 degree and 54 or more semester hours of training or the equiva-  
15 lent;

16 (2) each district's training and experience index is the  
17 average of the values assigned to all teachers in the district under  
18 (1) of this subsection, minus the average of the district with the  
19 lowest average.

20 (h) District location units for each district are calculated by  
21 multiplying 60 percent of the district's subtotal of units under (a),  
22 (b), (c), (d), (e), and (f) of this section by the district's location  
23 index in the following table:

24	District	District Location Index
25	Adak	0.500
26	Alaska Gateway	0.300
27	Alutians	1.000
28	Anchorage	0.000
29	Annette	0.350

1	Bering Strait	0.850
2	Bristol Bay	0.500
3	Chatham	0.350
4	Chugach	0.180
5	Copper River	0.300
6	Cordova	0.130
7	Craig	0.350
8	Delta	0.300
9	Dillingham	0.500
10	Fairbanks	0.100
11	Galena	0.500
12	Haines	0.130
13	Hoonah	0.130
14	Hydaburg	0.350
15	Iditarod	0.750
16	Juneau	0.050
17	Kake	0.350
18	Kashunamiut	0.650
19	Kenai	0.050
20	Ketchikan	0.050
21	King Cove	0.500
22	Klawock	0.350
23	Kodiak	0.180
24	Kuspuk	0.750
25	Lake & Peninsula	0.850
26	Lower Kuskokwim	0.650
27	Lower Yukon	0.650
28	Matanuska-Susitna	0.000
29	Nenana	0.300

1	Nome	0.500
2	North Slope	1.000
3	Northwest	0.850
4	Pelican	0.350
5	Petersburg	0.050
6	Pribilofs	0.650
7	Railbelt	0.300
8	Sand Point	0.500
9	Sitka	0.050
10	Skagway	0.130
11	Southeast	0.350
12	Southwest	0.850
13	St. Mary's	0.650
14	Tanana	0.650
15	Unalaska	0.650
16	Valdez	0.130
17	Wrangell	0.050
18	Yakutat	0.350
19	Yukon Flats	0.850
20	Yukon Koyukuk	0.850
21	Yupiit	0.650

22 \* Sec. 5. AS 14.17.056 is amended to read:

23           Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE.    The funding  
24           [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after  
25           July 1, 1986 shall be equal to the amount appropriated by the  
26           legislature to the public school foundation account for the fiscal  
27           year, divided by the total number of allowable funding units for all  
28           districts under AS 14.17.045 [1982, IS \$42,450. THE BASE INSTRUCTION  
29           UNIT VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

1 \* Sec. 6. AS 14.17.080 is amended to read:

2           Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
3 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
4 shall submit to the department, in the manner and on forms to be  
5 prescribed by the commissioner, a preliminary report of estimates and  
6 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
7 YEAR] of the amount of [BASIC] state aid for which the district is  
8 eligible the following fiscal year under AS 14.17.021[; AND THE AMOUNT  
9 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
10 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
11 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 - 14.17.150]. The  
12 preliminary reports required by this section [COMPUTATIONS] are the  
13 basis for requesting legislative appropriations and for making prelim-  
14 inary payments under the public school foundation program for the  
15 following fiscal year.

16 \* Sec. 7. AS 14.17.082(a) is amended to read:

17           Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
18 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
19 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
20 stricted, undesignated [A] fund balance, as defined by the department  
21 by regulation, in the school operating fund of seven percent of its  
22 expenditures for the preceding fiscal year. Each district having an  
23 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
24 unrestricted, undesignated [A] fund balance of 10 percent of its  
25 expenditures for the preceding fiscal year.

26 \* Sec. 8. AS 14.17.082(b) is amended to read:

27           (b) The commissioner shall review the annual audit of each  
28 district to ascertain changes in the year-end operating fund balance  
29 of the districts, and notify districts and the board, through a

1 written report, of any unrestricted, undesignated fund balances  
2 [BALANCE ACCUMULATION] greater than that permitted under (a) of this  
3 section.

4 \* Sec. 9. AS 14.17.082(c) is repealed and reenacted to read:

5 (c) The amount by which a district's eligibility for state  
6 assistance under AS 14.17.021 or 14.17.035 exceeds the amount per  
7 ADM/FTE that it received for the preceding fiscal year, must be  
8 reduced in any fiscal year by the amount by which the district's  
9 unrestricted, undesignated fund balances exceed the amount permitted  
10 under (a) of this section.

11 \* Sec. 10. AS 14.17.150 is amended to read:

12 Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
13 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
14 reports submitted by each district under AS 14.17.080, to determine  
15 that data are correctly reported and estimates and computations are  
16 made in accordance with the department's regulations [THEY ARE COR-  
17 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
18 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commissioner  
19 shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
20 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
21 information available, and give notice of the corrections [CORRECTED  
22 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW SUPPLE-  
23 MENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS SUP-  
24 PLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION PROGRAM  
25 COMPUTATIONS.]

26 (b) The commissioner shall reduce the data, estimates, and  
27 computations reported by the districts and the computations made by  
28 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
29 other [ANOTHER] form helpful in determining the amount of state aid

1        for which each district is eligible [EXAMINING THE COMPUTATIONS OF THE  
2        DISTRICTS] and shall transmit the report to the governor. The commis-  
3        sioner shall maintain additional copies of this report in the commis-  
4        sioner's office as a matter of public record. This report must  
5        [SHALL] be entitled "Public School Foundation Program Computations."

6        \* Sec. 11. AS 14.17.160 is amended to read:

7                Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
8        The commissioner shall determine the state aid for each school dis-  
9        trict for each fiscal year based on the pre-fiscal year estimates  
10       contained in the preliminary reports submitted under AS 14.17.080 [ON  
11       THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS]. Beginning July 15 of  
12       each [THE] fiscal year and on the 15th day of each month[,] for the  
13       next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
14       state aid as so determined must [SHALL] be distributed.

15       \* Sec. 12. AS 14.17.170 is amended to read:

16                Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
17        district shall make a report at the end of the 20-school-day period  
18       ending the fourth Friday in October, and may make a report at the end  
19       of the 20-school-day period ending the second Friday in February that,  
20       in accordance with regulations adopted by the department, reports  
21       [FIRST NINE WEEKS OF SCHOOL, WHICH CONTAINS A NEW ESTIMATE OF] its  
22       average daily membership for that counting period, [THE FISCAL YEAR]  
23       and other information that [WHICH] will aid the commissioner in making  
24       a more accurate determination of each district's state aid. The  
25       October report, or the February report if it makes the district eligi-  
26       ble for more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF  
27       AVERAGE DAILY MEMBERSHIP SHALL BE] the basis for the computation and  
28       distribution of each district's state aid for the balance of the  
29       fiscal year. As soon as possible after receiving each district's

1 report [THE COMMISSIONER SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND  
2 INFORMATI<sup>ON</sup>, MAKE A RECOMPUTATION OF EACH DISTRICT'S STATE AID.  
3 BEFORE DECEMBER 2], the commissioner shall notify each district of  
4 changes made in the number of funding units calculated for that dis-  
5 trict [ITS STATE AID]. The commissioner shall also determine whether  
6 the money in the public school foundation account is sufficient to  
7 meet each district's state aid for the fiscal year, and, if the money  
8 is not sufficient, the commissioner shall immediately inform the  
9 governor of the amount of additional appropriation the commissioner  
10 estimates will be necessary to carry out the public school foundation  
11 program for the rest of the fiscal year. Beginning April [FEBRUARY]  
12 15 and on the 15th of each subsequent month, one-third [ONE-FIFTH] of  
13 the recomputed balance of each district's state aid must [SHALL] be  
14 distributed. [HOWEVER, ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD  
15 PENDING A FINAL DETERMINATION OF THE DISTRICT'S STATE AID.]

16 \* Sec. 13. AS 14.17.180 is amended to read:

17 Sec. 14.17.180. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
18 16 each district shall transmit to the commissioner a final report of  
19 its enrollment and other information required by the commissioner  
20 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
21 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
22 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL  
23 DISTRICT TO STATE AID UNDER AS 14.17.021 BE LESS THAN THAT COMPUTED  
24 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
25 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
26 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
27 JUNE 30]. If the district received more state aid money than it was  
28 entitled to under this chapter, it shall immediately, after notice  
29 from the commissioner of the overpayment, remit the amount of

1 overpayment to the commissioner to be returned to the public school  
2 foundation account. If the remittance is not made within 30 days  
3 after the date of the commissioner's notice, the commissioner shall  
4 withhold the amount of the overpayment from subsequent payments to the  
5 district under this chapter.

6 \* Sec. 14. AS 14.17.190 is amended to read:

7       Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
8 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
9 school foundation money distributed to a district, together with any  
10 interest earned by the district on the money, must [DURING A YEAR  
11 SHALL] be received, held, and expended by the district subject to the  
12 provisions of law and regulations adopted [PROMULGATED] by the depart-  
13 ment.

14       (b) Each district shall maintain financial records of the re-  
15 ceipt and disbursement of public school foundation money, interest  
16 earned on that money, and money acquired from local effort. The  
17 records must be in the form required by the commissioner and are  
18 subject to audit by the commissioner or the board at any time.

19 \* Sec. 15. AS 14.17.225(b) is amended to read:

20       (b) Money [FUNDS] to carry out the provisions of this chapter  
21 [AS 14.17.010 - 14.17.190] may be appropriated annually by the legis-  
22 lature into the public school foundation account. If the amount  
23 appropriated to the account for any fiscal year exceeds the alloca-  
24 tions otherwise authorized under this chapter, the excess money must  
25 be distributed pro rata among those school districts eligible for less  
26 aid per ADM/FTE under AS 14.17.021 than they would have received under  
27 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
28 upon the funding units that those districts are eligible to receive  
29 under this chapter. If amounts in the account are insufficient to

1 meet the allocations authorized under this chapter, the available  
2 money [AS 14.17.010 - 14.17.190, SUCH FUNDS AS ARE AVAILABLE] shall be  
3 distributed pro rata among centralized correspondence study programs  
4 and each school district based upon the funding units for which they  
5 are eligible under this chapter [DISTRICT'S BASIC NEED].

6 \* Sec. 16. AS 14.17.250(1) is amended to read:

7 (1) "ADM" or "average daily membership" means the aggregate  
8 days of membership of pupils divided by the actual number of days in  
9 session for the school term;

10 \* Sec. 17. AS 14.17.250(17) is amended to read:

11 (17) "ADM/FTE" or "ADM full-time equivalent" means the  
12 average daily membership (ADM) as proportionately reduced, under  
13 regulations adopted by the department, to reflect the enrollment of  
14 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
15 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
16 PERIODS IN THE SCHOOL DAY];

17 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
18 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
19 and (19) are repealed.

20 \* Sec. 19. The Department of Education may adopt regulations under  
21 AS 14.17.200 to implement the changes made by this Act. Those regulations  
22 take effect in accordance with the Administrative Procedure Act (AS 44.62),  
23 but not before the effective date of secs. 1 - 18 of this Act.

24 \* Sec. 20. Section 19 of this Act takes effect immediately in accor-  
25 dance with AS 01.10.070(c).

26 \* Sec. 21. Sections 1 - 18 of this Act take effect July 1, 1986.

Introduced: 2/14/86  
Referred: Health, Education &  
Social Services and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 604

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state support for education; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.17.021 is repealed and reenacted to read:

10 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
11 assistance for which a school district is eligible from the public  
12 school foundation account in each fiscal year is initially calculated  
13 by multiplying the funding unit value established under AS 14.17.056  
14 by the total number of allowable funding units for the district estab-  
15 lished under AS 14.17.045.

16 (b) The amount of assistance established under (a) of this  
17 section is then reduced by

18 (1) for regional educational attendance areas, 80 percent  
19 of the federal financial assistance received by the district under 20  
20 U.S.C. 236 -- 244 (P.L. 81-874, as amended) for the preceding fiscal  
21 year, or some lower percentage of that assistance if necessary to  
22 comply with 20 U.S.C. 240(d) and the regulations adopted under it (34  
23 C.F.R. Part 222, subpart G);

24 (2) for city or borough school districts, an amount equal  
25 to an assessment of two mills on 100 percent of the full and true  
26 value, as reported by the Department of Community and Regional Affairs  
27 under AS 14.17.140, of the taxable real and personal property in the  
28 district on January 1 of the assessment year preceding the year in  
29 which the fiscal year in (a) of this section begins, up to a limit of

1       \$1,000 per mill, multiplied by the district's ADM/FTE.

2       \* Sec. 2. AS 14.17.022 is amended to read:

3               Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.  
4       Funds for providing centralized correspondence study programs for  
5       students not enrolled in an approved school district correspondence  
6       study program must [SHALL] include an amount [APPROPRIATION] from the  
7       public school foundation account [IN AN AMOUNT] calculated by multi-  
8       plying the funding unit value established under AS 14.17.056 by the  
9       number of allowable basic funding units that would be established  
10       under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11       centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12       NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13       CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14       \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15               Sec. 14.17.025. GUARANTEED FUNDING LEVEL. If the amount of  
16       assistance per ADM/FTE for which a school district is eligible for a  
17       fiscal year under AS 14.17.021 is less than 95 percent of the amount  
18       per ADM/FTE it would have received under sec. 2, ch. 75, SLA 1985, the  
19       district is eligible for 95 percent of the amount per ADM/FTE it would  
20       have received under sec. 2, ch. 75, SLA 1985.

21       \* Sec. 4. AS 14.17 is amended by adding a new section to read:

22               Sec. 14.17.035. LIMITED INCREASE IN FUNDING. If the amount of  
23       assistance per ADM/FTE for which a school district is eligible under  
24       AS 14.17.021 for the fiscal year beginning July 1, 1986 is more than 5  
25       percent greater than the amount of state assistance per ADM/FTE it  
26       received for the preceding fiscal year, the district is entitled only  
27       to five percent more per ADM/FTE than it received for the previous  
28       fiscal year.

29       \* Sec. 5. AS 14.17 is amended by adding a new section to read:

1           Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
2 funding units within each school district for any fiscal year is the  
3 sum of the following, calculated to the third decimal place, for that  
4 fiscal year:

5           (1) the number of basic funding units for each city or  
6 unincorporated community in the district, calculated under AS 14.17.-  
7 055(a);

8           (2) the number of funding units for cities or unincorporat-  
9 ed communities in the district with low school enrollments calculated  
10 under AS 14.17.055(b);

11           (3) the number of funding units for districts with low  
12 school enrollments which have at least one city or unincorporated  
13 community with an ADM/FTE greater than 500, calculated under AS 14.-  
14 17.055(c);

15           (4) the number of funding units for special education  
16 calculated under AS 14.17.055(d);

17           (5) the number of funding units for bilingual/bicultural  
18 education calculated under AS 14.17.055(e);

19           (6) the number of funding units for training and experience  
20 of district personnel calculated under AS 14.17.055(f); and

21           (7) the number of district location units for the district  
22 calculated under AS 14.17.055(g).

23 \* Sec. 6. AS 14.17 is amended by adding a new section to read:

24           Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
25 of basic funding units for each district is the sum of units calculat-  
26 ed by the department for each city or unincorporated community within  
27 the district according to the following table:

- 28           (1) Kindergarten           ADM/FTE x 1.3  
29           (2) Grades 1 -- 2         ADM/FTE x 1.15

- 1                   (3) Grades 3 -- 6           ADM/FTE x 1.0  
 2                   (4) Grades 7 -- 12           ADM/FTE x 1.25

3           (b) Small school funding units for cities or unincorporated  
 4 communities with K -- 12 ADM/FTE of 500 or less are calculated accord-  
 5 ing to the following table:

6           ADM/FTE	UNITS
7           1 -- 10	25
8           11 -- 15	25 + (4 x (ADM-10))
9           16 -- 25	45 + (1 x (ADM-15))
10          26 -- 200	55 + (0.5 x (ADM-25))
11          201 -- 500	142.5 + (0.025 x (ADM-200))

12           (c) Small district funding units are calculated according to the  
 13 following formula for school districts with K -- 12 ADM/FTE greater  
 14 than 500 and no more than 3,500, and with at least one city or unin-  
 15 corporated community with an ADM/FTE greater than 500:

$$16 \quad \text{Units} = \frac{(3,500 - \text{District ADM/FTE})}{3,000} \times 150$$

17  
 18           (d) Special education funding units according to the following  
 19 table are added for each city or unincorporated community within the  
 20 district based on the number of students enrolled in each program  
 21 category on the last day of the counting period under AS 14.17.170  
 22 which is used to determine state aid:

23           (1) Resource Services

24           Enrollment	Funding Units
25           1 -- 8	10.000
26           9 -- 18	20.000
27           Over 18	20 x (Enrollment/18)

28           (2) Self-Contained Services

29           Enrollment	Funding Units
-------------------------	---------------

1	1 -- 5	10.000
2	6 -- 10	20.000
3	Over 10	20 x (Enrollment/10)

(3) Gifted-Talented Services

Enrollment	Funding Units
1 -- 9	5.000
10 -- 19	10.000
20 -- 29	15.000
30 -- 40	20.000
Over 40	20 x (Enrollment/40)

(4) Intensive Services

Enrollment	Funding Units
3	20.000
Over 3	20 x (Enrollment/3)

(e) Bilingual/bicultural funding units are calculated by multiplying by 0.7 the number of students enrolled in bilingual classes, approved by the department, as of the last day of the counting period under AS 14.17.170 which is used to determine state aid.

(f) District training and experience funding units for any fiscal year are calculated by multiplying 40 percent of the subtotal of units calculated under (a), (b), (c), (d), and (e) of this section for that fiscal year by the district's training and experience index. The training and experience index is determined as follows:

(1) the department shall assign each district teacher to a value in the following table in accordance with regulations adopted by the department:

Years of Experience	Training					
	BA	BA+	MA	MA+18	MA+36	MA+54
1	1	2	3	4	5	6

1	0	0.00	0.05	0.15	0.20	0.25	0.30
2	2	0.10	0.15	0.25	0.30	0.35	0.40
3	5	0.25	0.30	0.40	0.45	0.50	0.55
4	8	0.35	0.40	0.50	0.55	0.60	0.65
5	10		0.50	0.60	0.65	0.70	0.75
6	12			0.65	0.70	0.75	0.80
7	15			0.75	0.80	0.85	1.00

8 In the training side of this table,

9 (A) column 1 refers to a salary based upon a bache-  
10 lor's degree;

11 (B) column 2 refers to a salary based upon semester  
12 hours beyond a bachelor's degree but less than a master's degree;

13 (C) column 3 refers to a salary based upon a master's  
14 degree or its equivalent;

15 (D) column 4 refers to a salary based upon a master's  
16 degree plus 18 or more, but fewer than 36, semester hours of  
17 training or the equivalent;

18 (E) column 5 refers to a salary based upon a master's  
19 degree plus 36 or more, but fewer than 54, semester hours of  
20 training or the equivalent;

21 (F) column 6 refers to a salary based upon a master's  
22 degree and 54 or more semester hours of training or the equiva-  
23 lent;

24 (2) each district's training and experience index is the  
25 average of the values assigned to all teachers in the district under  
26 (1) of this subsection, minus the average of the district with the  
27 lowest average.

28 (g) District location units for each district are calculated by  
29 multiplying 60 percent of the district's subtotal of units under (a),

1 (b), (c), (d) and (e) of this section by the district's location index  
2 in the following table:

3	District	District Location Index
4	Adak	0.500
5	Alaska Gateway	0.300
6	Aleutians	1.000
7	Anchorage	0.000
8	Annette	0.350
9	Bering Strait	0.850
10	Bristol Bay	0.500
11	Chatham	0.350
12	Chugach	0.180
13	Copper River	0.300
14	Cordova	0.130
15	Craig	0.350
16	Delta	0.300
17	Dillingham	0.500
18	Fairbanks	0.100
19	Galena	0.500
20	Haines	0.130
21	Hoonah	0.130
22	Hydaburg	0.350
23	Iditarod	0.750
24	Juneau	0.050
25	Kake	0.350
26	Kashunamiut	0.650
27	Kenai	0.050
28	Ketchikan	0.050
29	King Cove	0.500

1	Klawock	0.350
2	Kodiak	0.180
3	Kuspuk	0.750
4	Lake & Peninsula	0.850
5	Lower Kuskokwim	0.650
6	Lower Yukon	0.650
7	Matanuska-Susitna	0.000
8	Nenana	0.300
9	Nome	0.500
10	North Slope	1.000
11	Northwest	0.850
12	Pelican	0.350
13	Petersburg	0.050
14	Pribilofs	0.650
15	Railbelt	0.300
16	Sand Point	0.500
17	Sitka	0.050
18	Skagway	0.130
19	Southeast	0.350
20	Southwest	0.850
21	St. Mary's	0.650
22	Tanana	0.650
23	Unalaska	0.650
24	Valdez	0.130
25	Wrangell	0.050
26	Yakutat	0.350
27	Yukon Flats	0.850
28	Yukon Koyukuk	0.850
29	Yupitit	0.650

1 \* Sec. 7. AS 14.17.056 is amended to read:

2           Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE. The funding  
3 [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after  
4 July 1, 1986 [1982], is \$2,770 [\$42,450. THE BASE INSTRUCTION UNIT  
5 VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

6 \* Sec. 8. AS 14.17.080 is amended to read:

7           Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
8 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
9 shall submit to the department, in the manner and on forms to be  
10 prescribed by the commissioner, a preliminary report of estimates and  
11 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
12 YEAR] of the amount of [BASIC] state aid for which the district is  
13 eligible the following fiscal year under AS 14.17.021[; AND THE AMOUNT  
14 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
15 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
16 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -- 14.17.150]. The  
17 preliminary reports required by this section [COMPUTATIONS] are the  
18 basis for requesting legislative appropriations and for making prelim-  
19 inary payments under the public school foundation program for the  
20 following fiscal year.

21 \* Sec. 9. AS 14.17.082 is amended to read:

22           Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
23 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
24 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
25 stricted, undesignated [A] fund balance, as defined by the department  
26 by regulation, in the school operating fund of seven percent of its  
27 expenditures for the preceding fiscal year. Each district having an  
28 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
29 unrestricted, undesignated [A] fund balance of 10 percent of its

1 expenditures for the preceding fiscal year.

2 (b) The commissioner shall review the annual audit of each  
3 district to ascertain changes in the year-end operating fund balance  
4 of the districts, and notify districts and the board, through a writ-  
5 ten report, of any unrestricted, undesignated fund balances [BALANCE  
6 ACCUMULATION] greater than that permitted under (a) of this section.

7 (c) The amount of additional assistance for which a district is  
8 eligible under the guaranteed funding level provision of AS 14.17.025,  
9 or the amount by which a district's eligibility for state assistance  
10 under AS 14.17.021 or 14.17.035 exceeds the amount per ADM/FTE that it  
11 received for the preceding fiscal year, must be reduced in any fiscal  
12 year by the amount by which the district's unrestricted, undesignated  
13 fund balances exceed the amount permitted under (a) of this section  
14 [THE BOARD SHALL REVIEW THE REPORTS SUBMITTED TO IT UNDER (b) OF THIS  
15 SECTION AND SUBMIT A REPORT MAKING RECOMMENDATIONS WITH RESPECT TO THE  
16 LEGISLATIVE TREATMENT OF THE FUND BALANCES OF THOSE DISTRICTS TO THE  
17 LEGISLATIVE BUDGET AND AUDIT COMMITTEE BY APRIL 15 OF EACH YEAR].

18 \* Sec. 10. AS 14.17.150 is amended to read:

19 Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
20 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
21 reports submitted by each district under AS 14.17.080, to determine  
22 that data are correctly reported and estimates and computations are  
23 made in accordance with the department's regulations [THEY ARE COR-  
24 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
25 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commission-  
26 er shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
27 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
28 information available, and give notice of the corrections [CORRECTED  
29 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW

1 SUPPLEMENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS  
2 SUPPLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION  
3 PROGRAM COMPUTATIONS.]

4 (b) The commissioner shall reduce the data, estimates, and  
5 computations reported by the districts and the computations made by  
6 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
7 other [ANOTHER] form helpful in determining the amount of state aid  
8 for which each district is eligible [EXAMINING THE COMPUTATIONS OF THE  
9 DISTRICTS] and shall transmit the report to the governor. The commis-  
10 sioner shall maintain additional copies of this report in the commis-  
11 sioner's office as a matter of public record. This report must  
12 [SHALL] be entitled "Public School Foundation Program Computations."

13 \* Sec. 11. AS 14.17.160 is amended to read:

14 Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
15 The commissioner shall determine the state aid for each school dis-  
16 trict for each fiscal year based on the pre-fiscal year estimates  
17 contained in the preliminary reports submitted under AS 14.17.080 [ON  
18 THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS]. Beginning July 15 of  
19 each [THE] fiscal year and on the 15th day of each month[,] for the  
20 next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
21 state aid as so determined must [SHALL] be distributed.

22 \* Sec. 12. AS 14.17.170 is amended to read:

23 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
24 district shall make a report at the end of the 20-school-day period  
25 ending the fourth Friday in October, and may make a report at the end  
26 of the 20-school-day period ending the second Friday in February  
27 [FIRST NINE WEEKS OF SCHOOL], which, in accordance with regulations  
28 adopted by the department, reports [CONTAINS A NEW ESTIMATE OF] its  
29 average daily membership for that counting period, [THE FISCAL YEAR]

1 and other information which will aid the commissioner in making a more  
2 accurate determination of each district's state aid. The October  
3 report, or the February report if it makes the district eligible for  
4 more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF AVERAGE DAILY  
5 MEMBERSHIP SHALL BE] the basis for the computation and distribution of  
6 each district's state aid for the balance of the fiscal year. As soon  
7 as possible after receiving each district's report [THE COMMISSIONER  
8 SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND INFORMATION, MAKE A  
9 RECOMPUTATION OF EACH DISTRICT'S STATE AID. BEFORE DECEMBER 2], the  
10 commissioner shall notify each district of changes made in the number  
11 of funding units calculated for that district [ITS STATE AID]. The  
12 commissioner shall also determine whether the money in the public  
13 school foundation account is sufficient to meet each district's state  
14 aid for the fiscal year, and, if the money is not sufficient, the  
15 commissioner shall immediately inform the governor of the amount of  
16 additional appropriation the commissioner estimates will be necessary  
17 to carry out the public school foundation program for the rest of the  
18 fiscal year. Beginning April [FEBRUARY] 15 and on the 15th of each  
19 subsequent month, one-third [ONE-FIFTH] of the recomputed balance of  
20 each district's state aid must [SHALL] be distributed. [HOWEVER,  
21 ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD PENDING A FINAL DETER-  
22 MINATION OF THE DISTRICT'S STATE AID.]

23 \* Sec. 13. AS 14.17.180 is amended to read:

24 Sec. 14.17.180. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
25 16 each district shall transmit to the commissioner a final report of  
26 its enrollment and other information required by the commissioner  
27 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
28 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
29 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL

1 DISTRICT TO STATE AID UNDER AS 14.17.021 BE LESS THAN THAT COMPUTED  
2 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
3 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
4 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
5 JUNE 30]. If the district received more state aid money than it was  
6 entitled to under this chapter, it shall immediately, after notice  
7 from the commissioner of the overpayment, remit the amount of overpay-  
8 ment to the commissioner to be returned to the public school founda-  
9 tion account. If the remittance is not made within 30 days after the  
10 date of the commissioner's notice, the commissioner shall withhold the  
11 amount of the overpayment from subsequent payments to the district  
12 under this chapter.

13 \* Sec. 14. AS 14.17.190 is amended to read:

14 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
15 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
16 school foundation money distributed to a district, together with any  
17 interest earned by the district on the money, must [DURING A YEAR  
18 SHALL] be received, held, and expended by the district subject to the  
19 provisions of law and regulations adopted [PROMULGATED] by the depart-  
20 ment.

21 (b) Each district shall maintain financial records of the re-  
22 ceipt and disbursement of public school foundation money, interest  
23 earned on that money, and money acquired from local effort. The  
24 records must be in the form required by the commissioner and are  
25 subject to audit by the commissioner or the board at any time.

26 \* Sec. 15. AS 14.17.225(b) is amended to read:

27 (b) Money [FUNDS] to carry out the provisions of this chapter  
28 [AS 14.17.010 -- 14.17.190] may be appropriated annually by the legis-  
29 lature into the public school foundation account. If the amount

1 appropriated to the account for any fiscal year exceeds the alloca-  
2 tions otherwise authorized under this chapter, the excess money must  
3 be distributed pro rata among those school districts eligible for less  
4 aid per ADM/FTE under AS 14.17.021 than they would have received under  
5 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
6 upon the funding units for which those districts are eligible under  
7 this chapter. If amounts in the account are insufficient to meet the  
8 allocations authorized under this chapter [AS 14.17.010 -- 14.17.190],  
9 the available money must [SUCH FUNDS AS ARE AVAILABLE SHALL] be dis-  
10 tributed pro rata among centralized correspondence study programs and  
11 each school district based upon the funding units for which they are  
12 eligible under this chapter [DISTRICT'S BASIC NEED].

13 \* Sec. 16. AS 14.17.250(1) is amended to read:

14 (1) "ADM" or "average daily membership" means the aggregate  
15 days of membership of pupils divided by the actual number of days in  
16 session for the school term;

17 \* Sec. 17. AS 14.17.250(17) is amended to read:

18 (17) "ADM/FTE" or "ADM full-time equivalent" means the  
19 average daily membership (ADM) as proportionately reduced, under  
20 regulations adopted by the department, to reflect the enrollment of  
21 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
22 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
23 PERIODS IN THE SCHOOL DAY];

24 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
25 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
26 and (19) are repealed.

27 \* Sec. 19. The Department of Education may adopt regulations under  
28 AS 14.17.200 to implement the changes made by this Act. Those regulations  
29 take effect in accordance with the Administrative Procedure Act (AS 44.62),

1 but not before the effective date of secs. 1 -- 18 of this Act.

2 \* Sec. 20. Section 19 of this Act takes effect immediately in accor-  
3 dance with AS 01.10.070(c).

4 \* Sec. 21. Sections 1 -- 18 of this Act take effect July 1, 1986.

HOUSE  
COMMITTEE REPORT

(11)

Date referred: 3/7/86

FURTHER REFERRALS:

DATE: 3/19/86

The FINANCE Committee has considered HB 605

"An Act establishing the Shuyak State Game Refuge."

and recommends:

- ~~[ ]~~ do pass
- [ ] do not pass
- [ ] do pass with attached amendment(s)
- [ ] no recommendation
- [X] replace with CS HB 605 (Fin) [X] same title
- [ ] new title

and recommends DO PASS

[ ] further referral to the \_\_\_\_\_ Committee

and attaches:

- [ ] letter of intent
- [ ] first fiscal note
- [ ] new fiscal note
- [X] zero fiscal note 2 ea. 3/4/86 + 2/28/86 (same F.N.'s)

SIGNING DO PASS:

*Robert H. Adams*  
*John Campbell*  
*Ray Duncan*  
*Ronald J. Jarm*  
*Pat Kourchot*  
*Rich Verly (DO PASS)*  
*Alvin Tiffin*  
*John [unclear]*

SIGNING OTHER RECOMMENDATIONS:

*Mike [unclear]*  
 NO REC. I DROPT  
 Sen. Galt NO REC

*Robert H. Adams*  
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

(Fin)

Bill/Resolution No. : CSHB 605 (700) No. 1  
Title : Shuyak State Game Refuge

**FISCAL DETAIL**

Agency Affected : Natural Resources  
BRU : Land Management

Sponsor : Rep. Thompson  
Requestor : House Resources Committee  
Date of Request : March 3, 1986

Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by : Carol Wilson  
Division : Commissioner's Office

*Carol Wilson*

Phone : 465-2400  
Date : 3/4/86

Approved by Commissioner : *Wm D Arnold, Deputy*  
Agency : Natural Resources

Date : 3/4/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill Resolution No CS HB 605 (Res) No 2  
 Title : An act establishing Shuyak State Game Refuge

Sponsor : Representative Thompson  
 Requestor : Dept. of Fish and Game  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : Dept. of Fish & Game  
 BRU : Habitat and Game Divisions

Components : Operating and Capital Budgets

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-				
TRAVEL		-0-				
CONTRACTUAL		-0-				
SUPPLIES		-0-				
EQUIPMENT		-0-				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>-0-</b>				

CAPITAL		-0-				
---------	--	-----	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--


**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by : Roland Shanks   
 Division : Commissioner's Office

Phone : 465-4100  
 Date : February 28, 1986

Approved by Commissioner : Donnell Polensworth  
 Agency : Department of Fish and Game

Date : 2-28-86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Thompson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 605 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Shuyak State Game Refuge."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 16.20 is amended by adding a new section to read:

9 Sec. 16.20.035. SHUYAK STATE GAME REFUGE. (a) The following  
10 state-owned uplands and all uplands acquired by the state after the  
11 effective date of this Act lying within the area described in this  
12 subsection are established as the Shuyak State Game Refuge:

13 (1) Beginning at the E 1/16th corner common to Sections 23  
14 and 26, T18S, R19W, S.M.; then south-southwesterly approximately 8.86  
15 miles to the section corner common to Sections 31 and 32, T19S, R19W,  
16 S.M., and Sections 5 and 6, T20S, R19W, S.M.; then westerly along the  
17 township line between Townships 19 and 20S, Ranges 19 and 20W, S.M.,  
18 approximately 2.5 miles to the 1/4 corner common to Section 35, T19S,  
19 R20W, S.M., and Section 2, T20S, R20W, S.M.; then southerly along the  
20 north-south centerline of Section 2, T20S, R20W, S.M., approximately  
21 0.3 miles to the intersection of the mean high tide line of Shuyak  
22 Strait; then meandering in a counter-clockwise direction easterly,  
23 northerly, westerly, and southerly to the intersection of the mean  
24 high tide with the section line common to Sections 15 and 16, T18S,  
25 R19W, S.M.; then south approximately 1.25 miles to the section corner  
26 common to Sections 22, 27, 28 and 21, T18S, R19W, S.M.; then east 1.75  
27 miles between Sections 22 and 27, 23 and 26 to the E 1/16th corner  
28 common to Sections 23 and 26, T18S, R19W, S.M.; to the point of begin-  
29 ning; and

1 (2) Big Fort Island, Little Fort Island, the Perevalnie  
2 Islands and all other islands, islets, pinnacles and rocks lying  
3 easterly of and within one mile of the easterly shore of the lands  
4 described in (1) of this subsection.

5 (b) The Shuyak State Game Refuge is established to provide the  
6 following:

7 (1) protection and enhancement of habitat;

8 (2) continued opportunity for recreational uses, including  
9 fishing and hunting, and continued trapping and commercial fishing;

10 (3) opportunity to view, photograph, study, and enjoy the  
11 various species of plants and wildlife of the refuge.

12 (c) If the Kodiak Island Borough relinquishes to the state any  
13 state land selected by the borough within the following parcels, that  
14 land becomes part of the Shuyak State Game Refuge:

15 (1) Township 18 South, Range 19 West, Seward Meridian  
16 Sections 26 - 28

17 Sections 33 - 35

18 (2) Township 19 South, Range 19 West, Seward Meridian  
19 Section 3

20 Section 4

21 Section 6: S1/2

22 Sections 7 - 10

23 Sections 16 - 21

24 Sections 29 - 32

25 (3) Township 19 South, Range 20 West, Seward Meridian  
26 Section 1: S1/2

27 Section 2: S1/2

28 Section 10: SE1/4

29 Sections 11 - 16

1                   Sections 20 - 29

2                   Sections 32 - 36

3                   (4) Township 20 South, Range 20 West, Seward Meridian

4                   Section 2

5                   Section 3

6                   (d) Egress and ingress to and from private and borough property  
7 within or adjacent to land described in (a) of this section shall be  
8 provided through the reservation by the Department of Natural Re-  
9 sources of a 200-foot easement traversing Section 26, T18S, R19W,  
10 S.M.; Sections 15, 16, 21, and 22 of T19S, R19W, S.M.; and Section 32,  
11 T19S, R19W, S.M. The specific locations of the easements shall be  
12 agreed to by the Department of Fish and Game, the Department of Natu-  
13 ral Resources, and the Kodiak Island Borough. If land is conveyed to  
14 the state as provided in (c) of this section, the easements shall be  
15 reserved so as to continue through that land.

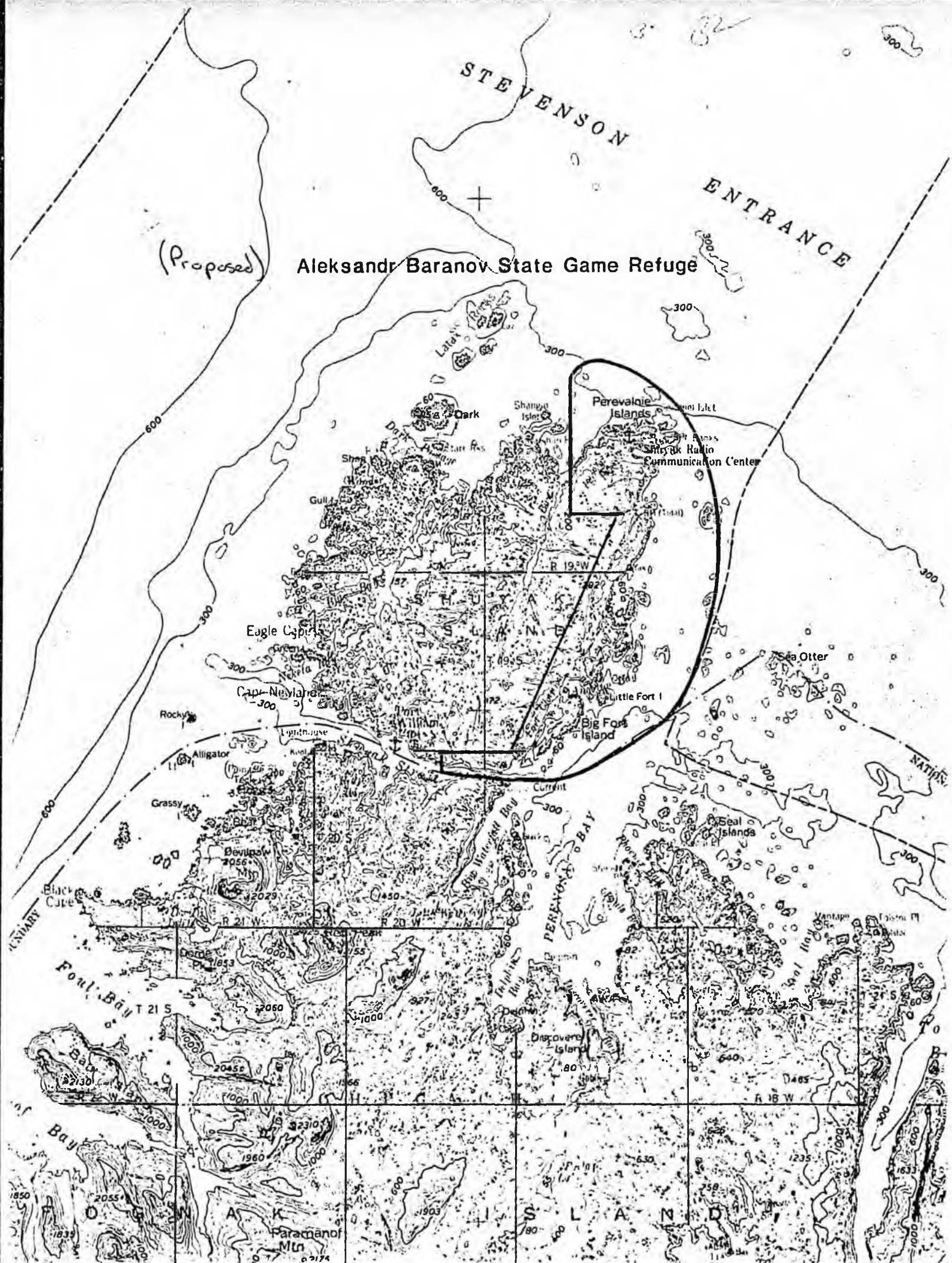
16                   (e) Management of the surface and subsurface estate is the  
17 responsibility of the Department of Natural Resources. Actions by the  
18 Department of Natural Resources that affect the habitat shall conform  
19 with a management plan proposed and adopted by the Department of Fish  
20 and Game in accordance with the Administrative Procedure Act (AS 44.-  
21 62), after public hearings and following consultation with the Kodiak  
22 Island Borough.

23                   (f) The Board of Fisheries and the Board of Game shall adopt  
24 regulations governing the taking of fish and game within the Shuyak  
25 State Game Refuge to implement (b) of this section.

26                   (g) To the extent that funds are available, the commissioner of  
27 natural resources shall identify the boundaries of the Shuyak State  
28 Game Refuge by surveying and posting each inland boundary described in  
29 (a)(1) of this section, or as added under (c) of this section, at its

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beginning and its end.



Alekandr Baranov State Game Refuge

(Proposed)

STEVENSON  
ENTRANCE

Perevalnie  
Islands  
Radio  
Communication Center

Eagle Cape

Capit Newland

Big Fort Island

Sea Otter

Foul Bay

Devilow Mtn

Discovery Island

Paramanof Mtn

ALEKANDROV ISLAND

Amend CSRB 605 (Res)  
as follows...

Amendment proposed  
by Phil Holdsworth

Suggested language as a substitute for Sec. 16.20.035(e) -  
Pg. 3. Lines 16-19

(e) Management of the surface and subsurface estate is the responsibility of the Department of Natural Resources. Any actions by the Department of Natural Resources which affect the habitat shall be in conformity with a plan proposed and adopted by the Department of Fish and Game in accordance with the Alaska Administrative Procedure Act (AS 44.62), after public hearings and following consultation with the Kodiak Island Borough.



**STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BILL ANALYSIS**

HB 605

DEPARTMENT <b>Fish and Game</b>	DIVISION <b>Habitat</b>	BILL NUMBER <b>HB 605</b>	SPONSOR <b>Representative Thompson</b>
DEPARTMENT POSITION <b>Support</b>			
PREPARED BY <b>Habitat Division</b>	DATE <b>2/25/86</b>	COMMISSIONER'S SIGNATURE <i>W. O'Connell Callersworth</i>	DATE <b>2-28-86</b>

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL <b>DNR</b>	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL <b>Administration (see attached letters)</b>	ORGANIZATIONAL OPPOSITION TO BILL <b>None Known</b>

FISCAL IMPACT:       NONE       FISCAL NOTE ATTACHED

**BACKGROUND/LEGISLATIVE INTENT**

The purpose of creating the Shuyak State Game Refuge is to provide (1) protection and enhancement to fish and wildlife habitat, (2) continued opportunity for fishing, hunting, and trapping, and (3) other recreational opportunities.

**ANALYSIS OF BILL/PROGRAM EFFECTS**

The bill will:

1. Establish the Shuyak State Game Refuge.
2. Provide for the addition of lands relinquished by the borough to the refuge.
3. Ensure access to private and borough holdings.
4. Direct the preparation of a refuge management plan.
5. Require surveying the refuge boundary to the extent that funds are available.

**AMENDMENTS PROPOSED**

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

FEB 06 1986



# Kodiak Island Borough

710 MILL BAY ROAD  
KODIAK, ALASKA 99615-6340  
PHONE (907) 486-5736

January 30, 1986

The Honorable David W. Thompson  
House of Representatives  
Box V  
Juneau, Alaska 99811

Dear Mr. <sup>Dave</sup>~~Thompson~~:

Enclosed please find a copy of Kodiak Island Borough Resolution No. 86-06-R requesting state legislation to create Shuyak State Game Refuge approved at the January regular meeting. Also enclosed is a letter from Neil C. Johannsen, Director, Division of Parks and Outdoor Recreation indicating the State's endorsement of the proposed game refuge.

If I can be of any further assistance, please let me know.

Sincerely,

KODIAK ISLAND BOROUGH

Jerome M. Selby  
Borough Mayor

Enclosures

mdd

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

**DIVISION OF PARKS AND OUTDOOR RECREATION**

225A CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-2885

MAILING ADDRESS:  
POUCH 7001  
ANCHORAGE, ALASKA 99510

November 27, 1984

Re: Proposed Baranof State  
Game Refuge on Shuyak Island

Jerome Selby, Manager  
Kodiak Island Borough  
Box 1246  
Kodiak, Alaska 99615

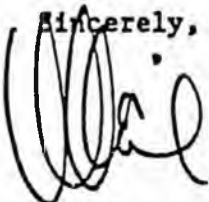
Dear Mr. Selby: *Jerome*

I recently learned of the Borough Assembly's resolution to seek legislation establishing the proposed Baranof State Game Refuge on Shuyak Island.

The Division of Parks and Outdoor Recreation supports the proposed state game refuge and believes it will be an important component of Kodiak's long-term outdoor recreation resources.

If there is anything I can do to assist in your efforts, please let me know.

Sincerely,



Neil C. Johannsen  
Director

Kodiak Island Borough  
Kodiak, Alaska

RECEIVED

NOV 29 1984

7 8 9 10 11 12 1 2 3 4 5 6 P M

KODIAK ISLAND BOROUGH  
RESOLUTION NO. 86-06-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY REQUESTING  
STATE LEGISLATION TO CREATE THE SHUYAK STATE GAME REFUGE

WHEREAS, on August 14, 1981, the Superior Court ordered the Agreement of Consent Decree to effectively dismiss the appeals the Kodiak Island Borough brought against the Alaska Department of Natural Resources with regards to its lands selections; and

WHEREAS, a condition in the Agreement of Settlement and Consent Decree is that the Kodiak Island Borough is to use its best efforts to have legislation introduced to create a state park and state game refuge on Shuyak Island for those portions not to be conveyed to the Kodiak Island Borough; and

WHEREAS, the Shuyak State Game Refuge is to be established to protect fish and wildlife habitats and population of all fish and wildlife species, particularly deer and brown bear, feeding, wintering and migration areas as well as to provide public uses of fish and wildlife in their habitat for hunting, viewing, photography, and general recreation in a high quality environment; and

WHEREAS, the Kodiak Island Borough had caused to be prepared a proposed bill entitled "An Act Creating the Aleksandr Baranov State Game Refuge" for the 1981-82 legislature; and

WHEREAS, Bill HCSSB 51, "An Act Establishing the Shuyak Island State Park; and Providing for an Effective Date" was signed by Governor Sheffield on July 11, 1984; and

WHEREAS, nothing further has been done to establish a State Game Refuge.

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly that legislation entitled "An Act Creating the Shuyak State Game Refuge" be introduced and assigned a number providing for the creation of said state game refuge.

IT FURTHER RESOLVED by the Kodiak Island Borough Assembly that the Borough adm. stration be directed to send this resolution to the Senator for District N, the Representative for House District 27, Governor Sheffield, the Alaska Department of Natural Resources, and the Alaska Department of Fish and Game and implore their assistance in the successful adoption of this legislation.

PASSED AND APPROVED THIS 2 DAY OF January, 1986.

KODIAK ISLAND BOROUGH

James A. Selby  
Borough Mayor

Gene E. White  
Presiding Officer

ATTEST:

Janice Vaughten CMC  
Borough Clerk

February 21, 1986

The Honorable Jerome Selby  
Mayor  
Kodiak Island Borough  
710 Mill Bay Road  
Kodiak, AK 99615-6340

Dear Mayor Selby:

Thank you for sending me Kodiak Island Borough Resolution No. 86-06-R supporting introduction of a bill to create Shuyak State Game Refuge. Shuyak is a very scenic island, with outstanding hunting and viewing opportunities. As you are aware, Representative Thompson has introduced a bill to establish such a refuge. I support the creation of Shuyak State Game Refuge in keeping with the out-of-court settlement between the borough and the state. By copy of this letter, I have asked the Commissioners of Fish and Game and Natural Resources to provide any necessary technical assistance to Representative Thompson on this bill.

I look forward to designation of the area as a state game refuge in the near future.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield  
Governor

cc: Commissioner Don Collinworth  
Department of Fish and Game

Commissioner Esther Wunnicke  
Department of Natural Resources

The Honorable David Thompson  
Alaska State Legislature

BS/DWC/DC/tw  
CTS#86038HDC0029

FG3

LEG OFF  
413 605



Chenik

Point Bede Port Graham P.

Portlock

Cape Elizabeth

CHUGACH IS  
Kennedy Entrance

Shaw I

Ushagat I

W Amatuli I

E Amatuli I

MT DOUGLAS  
7064

Cape Douglas 1495

BARREN ISLANDS

FOURPEAKED MTN - 6903

Stevenson Entrance

Kiukpalik I

Dark I

Point Banks

Shuyak I

Kulluk  
6572

MT DENISON - KUKARVOL  
7560

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Shuyak Str

Perenosa Bay

Ban

Tonki Cape

STRAIT

AFOGNAK ISLAND

Marmot I

Steep C

AFOGNAK  
MIN 2223

2048

1229

Marmot Cape

Raspberry I

Mognak

Marmot Bay

Uganik I

2023

Spruce I

Guzinkie

KODIAK

SADDLE  
MTN

Port  
Lions  
2869

Chiniak Bay

Cape Chiniak

Larsen Bay

CENTER MTN

KODIAK ISLAND

Narrow Cape

Karluk  
Lake

MT SHASTA  
3491

2436

Ugak I

Old Harbor

Ugak Bay  
Dangerous Cape

Cape

1827

Akhiok

Sitkalidak I

Black Point

pe Alitak

2215

Two-Headed I

Kaguyak

Aiaktalik

Geese Is

Sitka Strait

P

A

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

November 8, 1985

Honorable Esther Wunnicke  
Commissioner  
Department of Natural Resources  
Pouch M  
Juneau, Alaska 99811

Honorable Don W. Collinsworth  
Commissioner  
Department of Fish and Game  
P.O. Box 3-2000  
Juneau, Alaska 99811

2  
MA  
11/15  
TIL 1.0

Re: Game refuges, game sanctuaries, and fish & game critical habitat areas: authorities of the Department of Natural Resources and the Department of Fish and Game  
Our files: 366-045-84 and 366-122-84

Dear Commissioners Wunnicke and Collinsworth:

I. INTRODUCTION

Both the Department of Natural Resources ("DNR") and the Department of Fish and Game ("ADF&G") have asked questions regarding their respective authorities in game refuges, game sanctuaries, and fish and game critical habitat areas (collectively referred to as "special areas"). Our analysis reveals that

A.	Consultation requirements	page 28
B.	Nature of separate, complementary authorities	page 30
C.	Separate, complementary authorities in sanctuaries	page 31
D.	Separate, complementary authorities in refuges and critical habitat areas	page 32
E.	Water appropriation and use	page 37
F.	Prohibition on transfer of state land out of refuges	page 39
G.	Summary and examples	page 42
V.	Specific questions from DNR and ADF&G	page 45
VI.	Conclusion	page 52
	Chart summarizing DNR/ADF&G authorities in special areas	attached

## II. THE STATUTORY FRAMEWORK

There are several different sets of statutory provisions relevant to this matter, and they will be discussed by category: those setting up the special areas, those setting out DNR's general authorities, those setting out DNR's authorities specific to special areas, those setting out ADF&G's authorities in special areas, and those describing the coastal zone consistency review procedure.

### A. Special areas

In AS 16.20, the legislature created three categories of special geographic areas which are the main subject of the related questions posed by DNR and ADF&G: game refuges, game

Hon. Esther Wunnicke  
Commissioner, DNR  
Hon. Don W. Collinsworth  
Commissioner, ADF&G  
File 366-045-S4 & 366-122-S4

November 8, 1985  
Page 4

sanctuaries, and fish and game critical habitat areas. Each has similar purposes, but the statutory provisions establishing each vary somewhat.

The purpose of state game refuges 2/ is to "protect and preserve the natural habitat and game population[s] in certain designated areas of the state." AS 16.20.020. 3/

Two game sanctuaries have been established, the Walrus Islands state game sanctuary and the McNeil River state game sanctuary, both consisting of the land described in the statute and adjacent state waters. AS 16.20.110 and AS 16.20.160. 4/ The purpose of the sanctuaries is "to protect" the game found

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2/ The state game refuges include 17 units which had been in the national wildlife refuge system at the time Alaska achieved statehood, and the tide and submerged land adjacent to two of the units. AS 16.20.030(a). Seven other units are also encompassed, comprised of the state-owned land and adjacent water in the Potter Point state game refuge, AS 16.20.030(b), the Goose Bay state game refuge, AS 16.20.030(c), the Palmer Hay Flats state game refuge, AS 16.20.032, the Mendenhall Wetlands state game refuge, AS 16.20.034, the Susitna Flats state game refuge, AS 16.20.036, the Trading Bay state game refuge, AS 16.20.038, and Creamer's Field migratory waterfowl refuge, AS 16.20.039.

3/ The legislature established additional purposes for three of the refuges: to protect specific fish and wildlife populations and habitats, and also to protect public uses, including viewing, photography, and recreation in a high quality environment. AS 16.20.036(b) (Susitna Flats), AS 16.20.038(b) (Trading Bay), and AS 16.20.039(c) (Creamer's Field).

4/ We are informed that the land described in the two sanctuaries is all state owned.

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therein, and their "vital habitat ... so that these resources may be preserved for scientific, esthetic and educational purposes." AS 16.20.100; sec. 1, ch. 108, SLA 1967.

The purpose of fish and game critical habitat areas is "to protect and preserve habitat areas especially crucial to the perpetuation of fish and wildlife, and to restrict all other uses not compatible with that primary purpose." AS 16.20.220. 5/

Although the stated purposes for the special areas specify protection and preservation of fish and wildlife 6/ and their habitat, the legislature clearly did not intend them to remain untouched and unused. For game refuges, a number of approved uses are specifically listed in the statutes. 7/ Within game sanctuaries, oil and mineral exploration and

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5/ Twelve fish and game critical habitat areas are established in AS 16.20.230: Port Moller, Port Heiden, Cinder River, Egegik, Pilot Point, Kalgin Island, Fox River Flats, Chilkat River, Kachemak Bay, Clam Gulch, Copper River Delta, and Anchor River and Fritz Creek. Except for the most recently designated fish and game critical habitat area, all land, including privately owned land, within the described areas is included. Anchor River/Fritz Creek critical habitat area is the exception and contains only the state land and water within the described area. AS 16.20.230(12).

6/ The terms "game" (used in reference to refuges, AS 16.20.020, and sanctuaries, AS 16.20.100) and "wildlife" (used in reference to critical habitat areas, AS 16.20.220) appear to mean the same thing. The definition of "game" in AS 16.05.940(14) is very broad, encompassing virtually "any species of bird, reptile, and mammal... found or introduced in the state."

7/ For example, in the Mendenhall Wetlands state game refuge,  
(Footnote continued)

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development are authorized, subject to certain requirements and limitations which will be discussed later. AS 16.20.130, AS 16.20.140, and AS 16.20.170. Within the most recently established fish and game critical habitat area, Anchor River/Fritz Creek, the use and appropriation of water rights for a municipal and community water source are specifically protected, and the possibility of constructing a dam and reservoir is specifically reserved. AS 16.20.230(b).

In summary, the legislature created the special areas to protect fish and game and their habitat, but not to exclude all other uses of the areas.

B. DNR general authorities

The Alaska Land Act, AS 38.05, grants to DNR a number of responsibilities and authorities over land in the state. The

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(Footnote continued)

hunting and recreational activities are "expressly permitted," if consistent with a plan adopted by ADF&G, and authorized by the Board of Game. AS 16.20.034(e) and (f). Gravel extraction is also allowed, subject to the ADF&G plan. AS 16.20.034(h). Acquisition by the City and Borough of Juneau of refuge land for expansion of the municipal airport, establishment of additional transportation corridors, and establishment of publicly owned and operated docking facilities, is provided for. AS 16.20.034(i). In the Susitna Flats state game refuge, entry for exploration and development of oil and gas resources is permitted if compatible with protection and public uses of fish and wildlife habitat and populations. AS 16.20.036(b) and (c). Similar provisions apply to the Trading Bay state game refuge. AS 16.20.038(b) and (c). In the Creamer's Field migratory waterfowl refuge, recreational and agricultural activities are expressly permitted if consistent with ADF&G's plan to promote the protection and enhancement of habitat for migratory birds and opportunities for viewing. AS 16.20.039(c) and (d).

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The Alaska Land Act, AS 38.05, grants to DNR a number of responsibilities and authorities over land in the state. The authority of the commissioner of DNR includes the power to establish procedures and adopt necessary regulations, enter into agreements, review orders or actions of the division of land and water management (originally the "division of lands"), and exercise other powers and do other acts necessary under the Alaska Land Act. AS 38.05.020. Under AS 38.05.005, the commissioner of DNR controls and supervises the division of land and water management, which has, under AS 38.05.035, a number of mandatory and discretionary duties 3/ regarding the overall

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8/ The mandatory duties are described in AS 38.05.035(a) and include the responsibility to:

(2) manage, inspect and control state land and improvements on it belonging to the state and under the jurisdiction of the division;

...

(4) prescribe application procedures and practices for the sale, lease or other disposition of available land, resources, property, or interest in them;

...

(6) ... issue deeds, leases or other conveyances disposing of available land, resources, property or any interests in them;

(7) have jurisdiction over state land, except  
(Footnote continued)

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management, retention, and disposal of state land. In addition, the Alaska Land Act contains other specific provisions relating

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(Footnote continued)

that land acquired by the Alaska World War II Veterans Board and the Agricultural Loan Board or other departments or agencies succeeding to their respective functions through the foreclosure or default; to this end the director possesses the powers and, with the approval of the commissioner, shall perform the duties necessary to protect the state's rights and interests in state lands, including the taking of all necessary action to protect and enforce the state's contractual or other property rights;

...

(9) maintain such records as the commissioner considers necessary...

...

(12) be the certifying agent of the state to select, accept and secure by whatever action is necessary in the name of the state, by deed, sale, gift, devise, judgment, operation of law, or other means any land, of whatever nature or interest, available to the state; and be the certifying agent of the state, to select, accept or secure by whatever action is necessary in the name of the state any land, or title or interest to land available, granted, or subject to being transferred to the state for any purpose ....

The discretionary duties include granting preference rights for lease or purchase of state land in certain circumstances, selling and disposing of land by lottery in certain circumstances, and quit-claiming land to the federal government if it was erroneously conveyed from the federal government to the state. AS 38.05.035(b).

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to DNR's duties and authorities. 9/

The Water Use Act, AS 46.15, grants to DNR the authority to determine and adjudicate rights in state waters, and in its appropriation and distribution. AS 46.15.010. This responsibility is accompanied by a mandate to adopt necessary procedural and substantive regulations, taking into account the statutory responsibilities of ADF&G and the Department of Environmental Conservation. AS 46.15.020. The statutes set out a number of guidelines which direct how DNR handles water appropriation. 10/

Thus, the Water Use Act and the Alaska Land Act grant DNR many authorities over state water and land. 11/ These authorities must be exercised in a manner consistent with the

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9/ For example, sale of land is covered by AS 38.05.045 -- AS 38.05.069. Leasing of lands other than for extraction of natural resources is governed by AS 38.05.070 -- AS 38.05.105, disposal of timber and materials by AS 38.05.110 -- AS 38.05.120, leasing of mineral lands by AS 38.05.135 -- AS 38.05.184, and mining rights by AS 38.05.185 -- AS 38.05.275.

10/ For example, the determination of priority is generally governed by AS 46.15.050, existing rights by AS 46.15.060 and AS 46.15.065, criteria for permit issuance by AS 46.15.080, preferred uses by AS 46.15.090 and AS 46.15.150, and transfers of appropriations by AS 46.15.160 and AS 46.15.170.

11/ The Department of Transportation and Public Facilities and the Board of Regents of the University of Alaska are specifically excepted from the provisions of the Alaska Land Act and can acquire, use, lease, dispose of, or exchange real property independently from DNR, to the extent permitted by their own enabling legislation. AS 38.05.030.

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state constitution and with the guidelines set out in the statutes. For example, AS 28.05.235 mandates that disposal and use of state land shall conform to the state constitution and "the principles of multiple purpose use consistent with the public interest." Although "multiple purpose use" is not defined, "multiple use" is defined in AS 28.04.910(4) as

the management of state land and its various resource values so that it is used in the combination that will best meet the present and future needs of the people of Alaska, making the most judicious use of the land for some or all of these resources or related services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions; it includes

(A) the use of some land for less than all of the resources, and

(B) a combination of balanced and diverse resource uses that takes into account the short-term and long-term needs of present and future generations for renewable and nonrenewable resources, including, but not limited to, recreation, range, timber, minerals, watershed, wildlife and fish, and natural scenic, scientific, and historic values . . . .

The requirement that disposal and use of state land take into account the present and future needs for natural resources is consistent with article VIII, sections 1 and 2, of the Alaska Constitution, which declare that the state's policy is to encourage settlement of land and development of resources by "making them available for maximum use consistent with the public interest," and that the legislature shall provide for the

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utilization, development and conservation of state land "for the maximum benefit" of Alaskans. These sections are augmented by article VIII, section 4, which directs that fish and wildlife be "utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses."

There are other relevant provisions of the state constitution that affect the exercise of DNR's (and ADF&G's) authority. For example, article VIII, section 7, provides that the legislature may reserve from the public domain "areas of natural beauty or of historic, cultural, recreational, or scientific value" for the "use, enjoyment, and welfare of the people." Another example is article VIII, section 13, which mandates that, except for the public water supply, "an appropriation of water shall be ... subject ... to the general reservation of fish and wildlife."

In setting out DNR's authorities, the legislature has recognized Alaska's unique constitutional mandates regarding fish and wildlife and their habitat. For example, in AS 38.04.005(b), the legislature directs that, in making state land available for private use, adverse effects on significant resources, including wildlife and fishery resources, must be minimized. Further, in AS 38.04.015 the legislature lists protection of "critical wildlife habitat and areas of special scenic, recreational, scientific, or other environmental concern" as one of the five

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primary public interests in retaining areas of state land in public ownership. In carrying out its responsibility to classify state land, DNR has recognized this concern and has established "wildlife habitat land" as one of the classification categories. Described in 11 AAC 55.230, wildlife habitat land is land primarily valuable for fish and wildlife production or "a unique or rare assemblage" of one or more species. With regard to water, DNR must always consider the effect on fish and game resources in making its public interest determination as a component of reviewing water appropriation permit applications. AS 46.15.080 (b)(3). This is consistent with article VIII, section 13, and is in addition to the ability of DNR, after adjudicating a request from ADF&G, to reserve a specified instream flow or level of water under AS 46.15.145 for protection of fish and wildlife habitat, migration, and propagation, which in adjudicating later claims is treated by DNR as a prior appropriation under AS 46.15-.080(a)(1).

Thus, DNR has broad authority over almost all state-owned land, including the authority to acquire, hold, and transfer. These authorities are to be exercised not in a vacuum, but under constitutional and statutory directives to promote various policies. For example, as discussed above, (1) all natural resources, including land, wildlife and fisheries, shall be available for the maximum use consistent with the public

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bodies of water adjacent to the Juneau municipal airport runway to eliminate sites attractive to waterfowl which could create hazards to aircraft. AS 16.20.034(h). Any deed, contract of sale, lease, or other instrument evidencing disposition by DNR of land in the Mendenhall Wetlands game refuge must include a condition that the land is restricted for three specified purposes (airport expansion, transportation corridors, and docking facilities). AS 16.20.034(i). Finally, DNR and ADF&G are to jointly evaluate any offer of proof by the City and Borough of Juneau that there is a superior public need for use of land within the Mendenhall Wetlands game refuge, other than as refuge land. AS 16.20.034(j).

With regard to the two state game sanctuaries, there are also explicit references to DNR authority. DNR may not sell sanctuary land, and may lease it only as mineral land pursuant to DNR regulations. AS 16.20.140 and AS 16.20.170. DNR and ADF&G are authorized to jointly determine limitations additional to state or federal laws and regulations on oil and mineral exploration and development in the sanctuaries, to assure compatible multiple land use practices. AS 16.20.130 and AS 16.20.170.

There is one direct reference to DNR in the statutes governing critical habitat areas. In the recently established Anchor River/Fritz Creek critical habitat area, ADF&G is to develop, in consultation with DNR, a plan for the area to be

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interest, (2) natural resources shall be utilized for the maximum benefit of the people of the state, (3) the value of fish and wildlife shall be recognized and maintained, and (4) adverse effects upon them shall be minimized. DNR must balance competing interests and policies and, in disposing of any interest in land, is required to determine if the disposal is in the best interest of the state. AS 38.05.035(e).

C. DNR authorities specific to special areas

Apart from DNR's general authorities and responsibilities with regard to state-owned land, a number of specific provisions in AS 16.20 address DNR's authority in special areas.

DNR may adopt zoning regulations for private land contained within the Potter Point, Goose Bay, Palmer Hay Flats, Susitna Flats, and Trading Bay game refuges. AS 16.20.030(b) and (d), AS 16.20.032(d), AS 16.20.036(e), and AS 16.20.038(e). Access corridors to and from private property within the Goose Bay, Susitna Flats, and Trading Bay game refuges are to be established through agreement between DNR, ADF&G, and the private property owners involved. AS 16.20.030(e), AS 16.20.036(f), and AS 16.20.038(f). In the Mendenhall Wetlands game refuge, management of the surface and subsurface estate is explicitly delegated to DNR, although any DNR actions which affect the habitat must conform to a plan adopted by ADF&G. AS 16.20.034(g). DNR and ADF&G are both required to assist the City and Borough of Juneau in filling

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submitted to the legislature.

Thus, in addition to its general powers, DNR is specifically mentioned in the statutes governing special areas. Some of those specific references assign particular tasks, some grant discretionary authority, and others limit the general authorities.

D. ADF&G authorities in special areas

In the special areas, the legislature has in AS 16.20 given certain authorities to ADF&G and the Boards of Fisheries and Game ("boards"). The authorities for each type of special area are set out somewhat differently.

In game refuges, the Board of Game is to adopt regulations governing the taking of game for "conservation and protection purposes." AS 16.20.040. On the other hand, ADF&G is delegated a different kind of authority. AS 16.20.050 provides:

Where the use, lease or disposal of real property in state game refuges created by AS 16.20.010 -- 16.20.080 is under the control or jurisdiction of the state, whether through federal permit or state ownership, the responsible state department or agency shall notify the commissioner of fish and game before initiating any use, lease or disposal of real property. The commissioner shall acknowledge receipt of notice by return mail.

The purpose of this notice is clarified by AS 16.20.060, which

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grants authority 12/ to ADF&G to ensure protection of fish and game:

If the commissioner so determines, the commissioner shall, in the letter of acknowledgment, require the person or governmental agency to submit full plans for the anticipated use, full plans and specifications of proposed construction work, complete plans and specifications for the proper protection of fish and game, and the approximate date when the construction work is to commence, and shall require the person or governmental agency to obtain the written approval of the commissioner as to the sufficiency of the plans or specifications before construction is commenced. The commissioner shall abide by the principle which recognizes preferences among beneficial uses as more particularly set forth in art. VIII of the state constitution.

As discussed in detail in section IV below, this provision gives ADF&G permit authority over any activity on refuge lands which ADF&G determines may affect fish or wildlife or their habitat. 13/ This authority is separate from and in

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12/ In addition to the provisions of AS 16.20.050 and AS 16.20.060, which apply to all the refuges, in at least two of the refuges ADF&G is mandated to develop a plan to further the purposes of the refuges. The plan is to be used to determine whether certain activities are consistent with those purposes. AS 16.20.034(g) (Mendenhall Wetlands) and AS 16.20.039(c) (Creamer's Field).

13/ In this opinion, terms like "may affect" will be used to refer to ADF&G's authority to require plans, which is triggered by a determination of possible effects on fish, game, or habitat. Permit restrictions or denials by ADF&G must be based on facts supporting a conclusion that there is a reasonably likely connection between an activity and probable adverse effects on fish, game, or habitat.

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addition to any review and approval responsibilities held by DNR.

The authorities in critical habitat areas are similar to those in refuges. Under AS 16.20.240, the boards are to adopt regulations governing taking of fish and game for "conservation and protection purposes." As for refuges, ADF&G is to receive notice of any anticipated use, lease, or other disposal of land; 14/ but unlike in refuges, land in private ownership is included in critical habitat areas, and activities involving private land as well as state land must be brought to the attention of ADF&G. Further, while in refuges ADF&G determines if additional information should be submitted, in critical habitat areas the boards have that authority. 15/

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14/ Under AS 16.20.250:

Before the use, lease or other disposal of land under private ownership or state jurisdiction and control, within state fish and game critical habitat areas created under this chapter, the person or responsible state department or agency shall notify the commissioner of fish and game. The commissioner shall acknowledge receipt of notice by return mail.

15/ AS 16.20.260 provides:

(a) When a board determines that the following information is required, it shall instruct the commissioner, in the letter of acknowledgment, to require the person or governmental agency to submit:

(Footnote continued)

The two statutory procedures for notice and submission of additional plans and specifications for game refuges and for critical habitat areas are similar to the structure established for ADF&G's review of projects in anadromous fish streams. 16/

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(Footnote continued)

- (1) Full plans for the anticipated use;
- (2) full plans and specifications of proposed construction work;
- (3) complete plans and specifications for the proper protection of fish and game; and
- (4) the approximate date when the construction or work is to commence.

(b) The board shall require the person or governmental agency to obtain the written approval of the commissioner as to the sufficiency of the plans or specifications before construction is commenced.

16/ AS 16.05.870 provides:

(a) The commissioner shall, in accordance with the Administrative Procedure Act (AS 44.62), specify the various rivers, lakes and streams or parts of them that are important for the spawning, rearing or migration of anadromous fish.

(b) If a person or governmental agency desires to construct a hydraulic project, or use, divert, obstruct, pollute, or change the natural flow or bed of a specified river, lake, or stream, or to use wheeled, tracked, or excavating equipment or log-dragging equipment in the bed of a specified river, lake, or stream, the person or governmental agency shall notify the commissioner of this intention before the beginning of the construction or use.

(Footnote continued)

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Under AS 16.05.870, a person desiring to use an unadromous fish stream in certain specified ways must notify ADF&G, which can require additional information. The plans and specifications are then evaluated to determine whether they are sufficient for proper protection of fish and game. Just as in refuges and

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(Footnote continued)

(c) The commissioner shall acknowledge receiving the notice by return first class mail. If the commissioner determines that the following information is required, the letter of acknowledgement shall require the person or governmental agency to submit to the commissioner:

(1) full plans and specifications of the proposed construction or work;

(2) complete plans and specifications for the proper protection of fish and game in connection with the construction or work, or in connection with the use; and

(3) the approximate date the construction, work, or use will begin.

(d) The commissioner shall approve the proposed construction, work, or use in writing unless the commissioner finds the plans and specifications insufficient for the proper protection of fish and game. Upon a finding that the plans and specifications are insufficient for the proper protection of fish and game, the commissioner shall notify the person or governmental agency which submitted the plans and specifications of that finding by first class mail. The person or governmental agency may, within 90 days of receiving the notice, initiate a hearing under AS 44.62.370. The hearing is subject to AS 44.62.330 -- 44.-62.630.