

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHB 126 cont., HB 127 272



Alaska State Legislature  
House of Representatives  
COMMITTEE ON HEALTH, EDUCATION  
AND SOCIAL SERVICES

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OFFICIAL BUSINESS

POUCH V  
JUNEAU, AK 99811  
465-3759

MEMORANDUM

FROM: Rep. Niilo Koponen, Co-Chairman House HESS Committee  
Rep. Johnny Ellis, Co-Chairman House HESS Committee

TO: Rep. Al Adams, Chairman House Finance Committee and  
All other Committee Members

RE: CSHB 126 (HESS), Letter of Intent

DATE: March 20, 1987

*Handwritten initials: NE, JE*

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We are sending to you, for your information, the Letter of Intent to CSHB 126 (HESS) which was adopted by our Committee yesterday. We hope that you find it to be helpful in your deliberations on this most important bill.

Please feel free to call on us or our staff if we can be of any assistance.



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# Alaska State Legislature

## House of Representatives

COMMITTEE ON HEALTH, EDUCATION  
AND SOCIAL SERVICES

POUCHY  
JUNEAU, AK 99801  
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### LETTER OF INTENT FOR CSHB 126 (HESS)

The House HESS Committee has considered HB 126, "An Act relating to the public school foundation program;...efd.", and passed it on to the House Finance Committee, the next committee of referral. Upon adoption of several minor amendments, which are incorporated into the HESS committee substitute, the Committee recommends the bill as a fundamentally equitable means of distributing state money to the state's elementary and secondary schools. CSHB 126 (HESS) will pass the disparity test which is required to continue the annual receipt of approximately \$60 million of federal PL 81-874 funds.

During our deliberations on HB 126, the Committee considered a number of issues which are outside of the distribution mechanism created by the bill, but which directly affect the overall level of state funding to school districts. These issues are related to the Governor's revised FY 88 budget, namely:

- 1) Beginning FY 88, school districts will be expected to pay the state's contribution to the Teachers Retirement System out of foundation funds.
- 2) No longer will there be a separate state appropriation for community schools. Instead HB 126 authorizes school districts to fund community schools out of foundation dollars.
- 3) In FY 88, the state's reimbursement for school construction debt will be reduced from 90% of entitlement to 70%.
- 4) Pro-ration for the reimbursement of pupil transportation will be reduced to 75% in FY 88.

The elimination or reduction of these various fund sources means that state funding to school districts will be reduced in FY 88, from the FY 87 revised levels, by approximately \$65.2 million. Funding through the foundation program will increase in FY 88 by \$7.9 million leaving a net overall decrease of \$57.3 million, (see attached chart). When compared to the budget passed by the legislature and signed by the governor last year, before executive impoundments, the

decrease is even more dramatic: \$127.9 million. The Committee is well aware of the critical budget problems that our state faces, but we consider such cuts to be excessive. In an era when the role of state government needs to be re-examined and priorities need to be re-considered, the essential and fundamental obligation of funding public schools must remain paramount.

It is the intent of the Committee in passing out CSHB 126 (HESS) to recognize the inadequate level of funding for public education, but also to endorse the funding mechanism created in this bill. It is very important to note that, except for one simple modification, methods for increasing education funding should be sought outside of this bill. In this regard, the Committee discussed the following approaches:

- 1) increasing the base instructional unit value above the \$60,000 level indicated in the bill (the simple modification),
- 2) restoring the state's contribution to the TRS as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 3) funding the community school program as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 4) funding construction debt reimbursement at 100% of entitlement,
- 5) providing a means to require and/or encourage unorganized areas to organize and collect taxes.

Of these approaches, the Committee endorses items 1), 2) and 3), above, as the most equitable and attainable means of increasing funding for education in FY 88. It is the opinion of the Committee that funding for education should be held harmless at the FY 87 revised levels mentioned earlier; a total of \$57.3 million, (see the attached chart). In particular, the Committee strongly recommends that \$28.5 million be reinstated for the TRS and \$2.2 million be reinstated for community schools, each outside of the foundation program.

The Committee adopted amendments to HB 126 as follows:

- 1) The 5.5 mill tax levy limit on local effort was changed to 6.0 mills, (sec. 4). This allows school districts more flexibility in contributing local effort and will not result in a failure of the disparity test.
- 2) The effective date on the authorization to deduct fund balances over 5% from the school district's following year's appropriation was moved back to July 1, 1988, (sec. 25). This will allow school districts more time to adapt to this change in statute.

- 3) The existing law was changed so that federal funds received by a school district will be credited to the year for which the funds were intended, (sec. 2 and 21).
- 4) The formula was changed so that special education programs were guaranteed minimum funding, (sec. 7).
- 5) The purpose section was changed to read, that the foundation program is to assure an "equitable" level of educational opportunities, rather than an "adequate" level, (sec. 16).
- 6) The commissioner (of DOE) was granted the authority to allow an alternative 20-day student count period, for good cause, (sec. 13).
- 7) The deadline for student count periods was moved from September 20th to October 15th, to allow school districts more time for preparation, (sec. 10).
- 8) Several clarifying and technical amendments were also made by Legislative Legal Services and the Attorney General's Office.

The Committee considered, but did not adopt the following suggested changes to HB 126:

- 1) Changing of the formulas which determine elementary and secondary instructional units, (sec. 6), was not adopted since these formulas appropriately represent the economies of scale associated with operating schools.
- 2) A teacher training and experience factor was not adopted because the ramifications of such an amendment were not adequately addressed.
- 3) Modification of the 35% local effort requirement, (sec.4), was not adopted because such an amendment would cause a greater disequalization of funds.
- 4) Language requiring the use of full and true property value determinations (sec. 12) was not changed since full and true value is the most objective and fair measure available that can be applied to all districts.
- 5) An amendment that would have limited the requirement that the Department of Community and Regional Affairs determine the full and true value of property only in city and borough districts, and not in REAAs, failed, (sec.12).

Several concerns regarding the area cost differentials were reviewed by the committee. Due to the absence of any other comprehensive and objective approach, the Committee supports the use of the differentials in HB 126. We strongly suggest, however, that the data upon which the differentials were developed be re-examined and adjusted so that the actual costs of school operations, rather than costs of living, are more accurately represented.

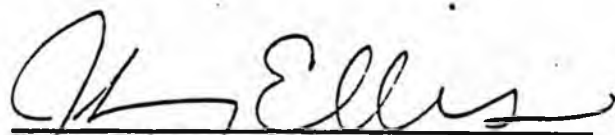
There was considerable discussion regarding the possible taxation of the unorganized areas to help defray the cost of education in those areas. Sample assessment data was presented to the Committee showing that, at a four mill levy, approximately \$16.0 million in taxes could be raised from the unorganized areas represented by the 23 REAAs. Of that total, \$12.0 million would come from the four REAAs which encompass the Trans Alaska Pipeline. As important as any funds that could be generated from any kind of taxation plan, the Committee was concerned that some means be found to encourage local fiscal responsibility through some local contributions. The Committee urges the Finance Committee to give this issue serious consideration.

In conclusion: upon considerable deliberation, the House HESS Committee strongly recommends that the legislature adopt CSHB 126 (HESS) as an equitable, vastly improved means of funding public schools in the State of Alaska. We urge that increased funding for education be appropriated for FY 88 as outlined above. We also recommend an objective and comprehensive re-examination of the area cost differentials. Finally, we urge that the issue of taxation in the unorganized areas be given serious consideration. We welcome any opportunity to discuss our Committee's deliberations at any time.



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Rep. Nillo Koponen  
Co-Chairman



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Rep. Johnny Ellis  
Co-Chairman

Department of Education Budget Figures Relevant to the  
Letter of Intent for CSMB 126 (HESS)

(All figures in thousands of dollars)

|              | '87 Authorized | '87 Revised | '88 Revised<br>(3-17-87) | <u>87 Auth/88 Rev.</u><br>Comparison | <u>87 Rev./88 Re</u><br>Comparison |
|--------------|----------------|-------------|--------------------------|--------------------------------------|------------------------------------|
| Pupil Trans. | 23,631.8       | 21,268.6    | 18,598.5                 | -5,033.3                             | -2,670.1                           |
| TRS          | 31,595.0       | 26,856.3    | -0-                      | -31,595.0                            | -28,491.8*                         |
| Const. Debt  | 144,263.7      | 115,845.0   | 84,026.9                 | -60,236.8                            | -31,818.1                          |
| Comm Schools | 2,595.6        | 2,206.3     | -0-                      | -2,595.6                             | -2,206.3                           |
| Found. Prog. | 456,522.0      | 420,174.2** | 428,086.5                | <u>-28,435.5</u>                     | <u>7,912.3</u>                     |

- \$127,896.2

Total Shortfall,  
88 Revised from  
87 Authorized

-\$57,274.0

Total Hold  
Harmless at  
87 Revised  
level

\* Amount recommended by Div. of Retirement & Benefits to DOE for TRS State match to be included in foundation program for FY 88

\*\* Includes secondary formula account

(5) Monitor the execution of a contract for the construction of school facilities after approval of final plans and specifications; and

(6) Submit a final project summary stating all project costs including initial (movable) school equipment costs.

(d) The Division of SAFA will:

(1) Assist in the development of and approve the final project description;

(2) Approve the project funding and disburse funds in the appropriate manner to initiate the project;

(3) Review and approve sketches and preliminary plans and specifications; and

(4) Prepare use permits for acceptance by the operating agency upon completion of the project.

(Authority: 20 U.S.C. 640(a), (b); 34 CFR 221.61, 221.62, 221.63, 221.65)

**Part 4—Property Management of Facilities Constructed Under Section 10 and Certain Facilities Constructed Under Section 9 of the Act**

**SECTION 4.1 Agencies may be granted use permits.**

The Federal agency or local educational agency to which use of the completed school facilities is granted, must maintain such school facilities, including equipment, in good conditions in accordance with § 221.63(c)(1)(iv) and (c)(2)(iv). The Secretary may request periodic reports to be submitted in order to assure that the facilities and equipment are properly cared for and maintained.

(Authority: 20 U.S.C. 639, 640; 34 CFR 221.63)

**SECTION 4.2 Disposal or transfer of ownership of federally owned school facilities.**

The Secretary, upon receipt of a written request from a local educational agency in which school facilities have been provided under section 9 or 10 of the Act, may make arrangements to transfer ownership of such agency in accordance with § 221.65 of the regulations.

(Authority: 20 U.S.C. 639, 640(b); 34 CFR 221.64, 221.65)

[40 FR 18019, Apr. 8, 1975. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 45 FR 86299, Dec. 30, 1980]

**PART 222—ASSISTANCE FOR LOCAL EDUCATIONAL AGENCIES IN AREAS AFFECTED BY FEDERAL ACTIVITIES AND ARRANGEMENTS FOR EDUCATION OF CHILDREN WHERE LOCAL EDUCATIONAL AGENCIES CANNOT PROVIDE SUITABLE FREE PUBLIC EDUCATION**

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Sec.

222.1 Scope.

222.3 Definitions.

**Subpart B—Applications**

222.9 Applications.

222.10 Final date for filing applications.

222.11 Amendments to applications: Filing dates.

222.12 Applications under sections 2, 3, and 4 received after deadline not considered for payment.

222.13 Notification to applicants.

222.14 How membership data must be obtained: General.

222.15 First or only membership count.

222.16 Second membership count.

222.17 Alternative methods for making membership counts.

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222.19 Civil rights.

**Subpart C—Payments**

222.20 Changes in boundaries, classification, and governing authority of applicants.

222.21 Payments under section 3 when percentage eligibility requirement is not met.

222.22 Computation of ADA of federally connected children.

222.23 Entitlements under section 3(e).

222.24 Payments under section 4(a).

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**Subpart D—Generally Comparable Local Educational Agencies; Local Contribution Rates**

222.30 Determination of local contribution rates: general.

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§ 222.3

Sec.

222.33 Identification of generally comparable LEAs.

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**Subpart F—Arrangements Under Section 6 of the Act**

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**Subpart H—Handicapped Children and Children With Specific Learning Disabilities**

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222.89 Applicability of other statutory and regulatory requirements.

**APPENDIX**

**AUTHORITY:** Titles I and IV, Pub. L. 81-874, 84 Stat. 1100 (20 U.S.C. 236-244), as amended, unless otherwise noted.

**SOURCE:** 40 FR 18032, Apr. 8, 1975, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

**Subpart A—Scope and Definitions**

§ 222.1 Scope.

The regulations in this part govern the provision of financial assistance and the making of arrangements under the Act with regard to local educational agencies in areas affected by Federal activities.

(Authority: 20 U.S.C. 242(b))

§ 222.3 Definitions.

As used in this part:

(a) "Act" means Titles I (except section 7 thereof) and IV of Pub. L. 874, 81st Congress (64 Stat. 1100 (20 U.S.C. 236-244)), as amended.

(b) "Applicant" means any local educational agency which files an application for financial assistance under sections 2, 3, or 4 of the Act and the regulations in this part, but does not include departments or agencies propos-

tion to provide such services and facilities.

(b) The total amount of funds transferred to cover the cost of such services and facilities will be deducted from the section 3 entitlement of the local educational agency.

(Authority: 20 U.S.C. 243(a))

#### § 222.57 Expenditures.

In making such arrangements, the Secretary shall not make payments for (a) expenditures made prior to the Secretary's determination that he is required to make such arrangements; or (b) expenditures made subsequent thereto unless such expenditures are within the definition of "current expenditures" in section 403(5) of the Act or are within the general terms of the arrangements; or (c) expenditures in excess of the actual or reasonable per pupil expenditure of providing free public education in the applicable State.

(Authority: 20 U.S.C. 241)

#### § 222.58 Reports.

The local educational agency or the Federal department or agency with which such arrangements are made shall make such reports to the Secretary from time to time as the Secretary may require to perform his functions under the Act.

(Authority: 20 U.S.C. 241(d), 243(b))

#### § 222.59 Termination of arrangements.

Arrangements under section 6 of the Act shall be limited to provide free public education for not more than one school year. If the Secretary determines that the local educational agency or the Federal department or agency with which arrangements have been made has substantially deviated from the terms of the arrangements, the Secretary will so notify the local educational agency or the Federal department or agency concerned. If the local educational agency or the Federal department or agency does not within a reasonable time comply with the terms of the arrangements, the Secretary may terminate such arrangements without further notice.

(Authority: 20 U.S.C. 241)

#### § 222.59a Elected school board required.

(a) This section applies to all schools operated with funds provided under section 6, except those which, independently of the section 6 arrangement, are governed by an elected school board as required by State or local law.

(b)(1) An agency with which the Secretary makes a section 6 arrangement shall establish an elective school board for schools assisted under that section.

(2) The agency shall empower this elective school board to oversee—review and monitor—school expenditures and operations, subject to audit procedures established by the Secretary, and other provisions of section 6 of this Subpart F.

(c) A school board established under paragraph (b) of this section must be composed of a minimum of three members elected by parents of students in attendance at the schools.

(d) The agency shall ensure the following election procedures:

(1) The parents must have adequate notice of the time and place of the election.

(2) The election must be by secret ballot and those candidates are elected who receive a plurality of the votes.

(3) Personnel employed in the schools may not be board members.

(4) Candidates for board membership must be nominated by one parent, or more, of students who are in attendance at the schools.

(Authority: 20 U.S.C. 241(g))

[40 FR 18032, Apr. 8, 1976. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 49 FR 17497; Apr. 24, 1984]

#### Subpart G—Determinations Under Section 5(d) (1) and (2)

SOURCE: 42 FR 15546, Mar. 22, 1977, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

#### § 222.60 Scope and purpose.

(a) *Scope.* This subpart applies to determinations made by the Secretary pursuant to section 5(d) of the Act as amended by Pub. L. 93-380, Pub. L. 94-487.

(b) *Purpose.* The sole purpose of the regulations in this subpart is to imple-

ment the provisions of section 5(d)(2) of the Act. The definitions and standards contained herein have been developed with respect to the particular intent of the amendment made to section 5(d) of the Act by sections 304(c) and 305(a)(2) of Pub. L. 93-380 and section 330(a) of Pub. L. 94-482 and should not be construed as establishing definitions and standards for any other purpose.

(Authority: 20 U.S.C. 240(d); secs. 304(c), 305(a)(2), Pub. L. 93-380, 88 Stat. 484; 120 Cong. Rec. S8505, 8507 (daily ed. May 20, 1974))

#### § 222.61 Treatment of State aid programs in general

(a) *Statutory provisions.* (1) Section 5(d)(1) of the Act provides that, except as provided in section 5(d)(2), no payments may be made to any local educational agency within a State which takes into consideration payments under section 5 of the Act in determining the eligibility of any agency for State aid, or the amount of that aid, with respect to free public education during the fiscal year of those payments or the preceding fiscal year, or which makes aid available in such a manner as to result in less State aid to any agency which is eligible for payments under the Act than that agency would receive if it were not so eligible.

(2) Section 5(d)(2) of the Act provides that, if a State has in effect a program of State aid for free public education for any fiscal year, which is designed to equalize expenditures for free public education among the local educational agencies of that State, payments under the Act may be taken into consideration by that State in determining (i) the relative financial resources available to local educational agencies in that State and (ii) the relative financial need of those agencies for the provision of free public education for children served by those agencies, subject to the provisions in that section.

(3) Section 5(d)(2)(A)(ii) of the Act provides that, if a State takes payments under the Act into consideration in accordance with section 5(d)(2), the State may do so only to the extent of the proportion that the local revenues of a local educational

agency covered under the equalization part of a State aid program are of that agency's total local revenues for education.

(4) Section 5(d)(2)(C) of the Act, as added by Pub. L. 94-482 provides that no payment under the Act may be withheld from and no repayment may be required of any State or local educational agency because of any non-compliance with section 5(d)(2)(A) of the Act or this subpart prior to July 1, 1977 if that State had a program of State aid whose procedures were designed to equalize expenditures for free public education among those agencies in effect on October 12, 1976.

(Authority: 20 U.S.C. 240(d); H.R. Rep. No. 94-1701, 235 (1976))

(b) *General rules.* (1) Except as provided in paragraph (b)(2) of this section, a State may take into consideration payments under the Act in allocating State aid if that State has a program of State aid which qualifies under § 222.62. However those payments may be taken into consideration for each affected local educational agency only in the proportion described in § 222.66.

(2) No program of State aid may qualify under this subpart if a court of that State has determined by final order, not under appeal, that such program fails to equalize expenditures for free public education among local educational agencies within the State or otherwise violates law.

(3) The Secretary will not interpret any of the provisions of §§ 222.62, 222.63, and 222.65 so as to consider any part of a State aid program which allocates funds for the additional cost of providing free public education for children with special educational needs as disequalizing expenditures for free public education. For the purposes of this subpart, children with special educational needs are handicapped children, non-English speaking children, economically disadvantaged children, gifted and talented children and the like.

(Authority: 20 U.S.C. 240(d)(2); 20 U.S.C. 242(b))

(c) *Data for determinations.* Determinations under this subpart requir-

ing the submission of financial or school population data may be made either (i) on the basis of data for the fiscal year preceding the fiscal year of determination if the same program was then in effect; or (ii) on the basis of estimates of data for the fiscal year of determination. Data submitted shall be the most currently available and complete data, whether based on revenues or current expenditures. Estimates submitted by a State educational agency or other appropriate State agency must set forth the assumptions upon which such estimates are founded, must be accompanied by an assurance as to their accuracy, and must be adjusted by actual data for the fiscal year of determination as soon as available for the purpose of verification.

(Authority: 20 U.S.C. 240(d); 242(d))

(d) *Definitions.* For the purposes of this subpart, the following terms shall have the meanings indicated below:

(1) "State aid" means any contribution, no repayment for which is expected, which is made by a State to or on behalf of local educational agencies within the State for current expenditures in the provision of free public education;

(2) "Equalize expenditures" means to meet the standards set forth in § 222.62;

(3) "Current expenditures" means the total charges incurred for the benefit of the school year in an elementary or secondary school program, exclusive of capital outlay and debt service for capital outlay;

(4) "Revenue" means an addition to assets which does not increase any liability, does not represent the recovery of an expenditure, does not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and does not represent a contribution of fund capital in food service or pupil activity funds. Furthermore, for the purposes of this subpart, the term "revenue" includes only revenue for current expenditures.

(Authority: 20 U.S.C. 240(d)(2))

§ 222.62 General qualifying standard for State aid programs.

*General standard.* For the purposes of section 5(d)(2) of the Act, the Secretary will consider a program of State aid to be designed to equalize expenditures for free public education among local educational agencies in that State if the program—

(a) Is authorized by State law in effect for the fiscal year for which the determination under this subpart is made;

(b) Provides for the appointment of State aid among local educational agencies in the State in order to carry out the objectives of the programs;

(c) Provides that in determining the amount to be apportioned to each local educational agency in the State, the State will take into consideration the relative financial resources available to local educational agencies in that State for the program; and

(d) Meets the standard of either § 222.63, § 222.64 or § 222.65 of this subpart.

[42 FR 18279, Apr. 6, 1977. Redesignated at 45 FR 77388, Nov. 21, 1980]

§ 222.63 Disparity standard.

(a) *25 percent disparity limitation.* The Secretary will consider a program of State aid to have fulfilled the requirement of § 222.62(a)(4) of this subpart if the disparity in the amount of current expenditures or revenue per pupil for free public education among local educational agencies in the State is no more than 25 percent for the fiscal year for which a determination is made under this subpart. The method for calculating the percentage of that disparity in a State is set out in the appendix to this subpart.

(b) (1) *Weighted average disparity for different grade level groups.* If a State requests it, the Secretary will make separate disparity computations for different groups of local educational agencies in the State which have similar grade levels of instruction:

(2) In those cases, the weighted average disparity, based on the proportionate number of pupils in each group, may not be more than 25 percent for all the groups. The method for calculating the weighted average disparity

percentage is set out in the appendix to this subpart.

(c) *Per pupil figure computations.* In calculating the current expenditures or revenue disparities under this section, computations of per pupil figures are made on the following bases:

(1) Except as provided in paragraph (c)(2) of this section, the per pupil amount of current expenditures or revenue for a local educational agency is computed on the basis of the total number of pupils receiving free public education in the schools of the agency. The total number of pupils is determined in accordance with whatever standard measurement of pupil count is used in the State.

(2) If a State aid program uses a "weighted pupil," a "classroom," "instructional unit," or other designated unit of need in determining allocations of State aid in order to take account of special cost differentials, the computation of per pupil revenue or current expenditures may be made on those bases. There are two allowable categories of special cost differentials: (i) Those associated with pupils having special educational needs, such as handicapped children, economically disadvantaged children, non-English speaking children, and gifted and talented children; and (ii) those associated with sparsity or density of population, cost of living, or special socioeconomic characteristics within the area served by an agency.

(d) *Revenues and current expenditures included in determinations.* The following revenues or current expenditures must be included for each local educational agency in the State in determining the percentage of disparity under paragraph (a) of this section:

(1) All revenues or current expenditures from State sources, except those applied or contributed outside any equalized part of the State aid program which are designated for special cost differentials of the type specified in paragraph (c)(2) of this section.

(2) All revenues for current expenditures from local or intermediate sources, except those taken into consideration under any equalized part of the State aid program which are designated for special cost differentials of

the type specified in paragraph (c)(2) of this section.

(3) Pub. L. 81-874 funds received by the agency under sections 2, 3 and 4 of the Act, except to the extent that (i) they are not taken into consideration under the State aid program, and (ii) they exceed the proportion of those funds that the State would be allowed to take into consideration under § 222.66 of this subpart; and

(4) Any other Federal funds received by the agency for which the agency is not accountable to the Federal Government for their use such as Federal Forest Reserve funds (16 U.S.C. 500).

(Authority: 30 U.S.C. 240(d)(2))

§ 222.64 Wealth neutrality test.

(a) *General rule.* (1) The Secretary will consider a State aid program to have met the requirement of § 222.62(d) if no less than 85 percent of the total State, intermediate, and local revenues for current expenditures for all local educational agencies in the State are wealth neutral revenues for the Fiscal Year for which a determination is made under this subpart.

(2) Paragraphs (b) and (c) of this section set forth rules for determining which State, intermediate, and local revenues are "wealth neutral revenues."

(3) With respect to calculations under paragraph (c) of this section, extra yields due to special cost differentials established under State law are considered wealth neutral. There are two allowable categories of special cost differentials:

(i) Those associated with pupils having special educational needs, such as handicapped children, economically disadvantaged children, and gifted and talented children; and

(ii) Those associated with sparsity or density of population, cost of living, or special socioeconomic characteristics within the area served by an agency.

(b) *General definition.* "Wealth neutral revenues" are those revenues received by a local educational agency which are not derived from any wealth advantage that a local educational agency may have over any other agency in a State.

(c) *Rules of application.* (1) All State and local revenues considered under a State school finance equalization program are wealth neutral to the extent that each local educational agency receives the same amount of dollars per pupil under that program for the same tax effort and is allowed by the State to spend as much per pupil as any other local educational agency in the State under the program. Revenues in excess of those determined to be equally available to all local educational agencies under the program are not wealth neutral except those for special cost differentials specified in paragraph (a)(3) of this section.

*Example No. 1.* An equalization program requires all local educational agencies to contribute the yield of a 10 mill property tax to the equalization program. The State contributes to each local educational agency an amount that when combined with the local contribution provides an amount of \$1,000 per pupil. If no local educational agency receives more or less than \$1,000 per pupil under the program, then that amount per pupil in all local educational agencies is wealth neutral. If some local educational agencies earn more than \$1,000 per pupil from the 10 mill tax and are allowed to spend those excess revenues, then those excess revenues are not wealth neutral.

*Example No. 2.* If, under the program described in Example No. 1, the State restricts budget, expenditures, or tax effort increases so that some local educational agencies receive less than \$1,000 under the program, amounts above the least amount received by any local educational agency are not wealth neutral.

*Example No. 3.* If, under the program described in Example No. 1, the State establishes for some local educational agencies a guarantee level which is less or more than \$1,000 because of prior expenditure levels and still requires all local educational agencies to contribute the yield of a 10 mill property tax to the program, only the amounts up to the least amount received by any local educational agency is wealth neutral.

*Example No. 4.* An equalization program guarantees to each local educational agency the difference between \$100 per pupil per mill levied and the actual local yield per mill levied. If no local educational agency receives more or less than \$100 per pupil per mill levied, then that amount per pupil in all local educational agencies is wealth neutral. If the yield per pupil per mill levied is greater than \$100 for some local educational agencies and those agencies are allowed to spend those excess revenues, then those excess revenues are not wealth neutral.

*Example No. 5.* If, under the program described in Example No. 4, the State restricts budget, expenditure, or tax effort increases so that some local educational agencies are restricted from levying the same number of mills as other local educational agencies, then amounts above the least amount which could be received by any local educational agency under the program are not wealth neutral.

*Example No. 6.* If, under the program described in Example No. 4, the State establishes for some local educational agencies a guarantee level which is less or more than \$100 per pupil per mill levied because of prior expenditure levels, only the amounts up to the least amount received by any local educational agency is wealth neutral.

(2) All State revenues received by a local educational agency under any other program or State aid are wealth neutral to the extent that each local educational agency receives the same dollar amount per pupil from such programs. Revenues in excess of those determined to be equally available to all local educational agencies under such program are not wealth neutral except those revenues for special cost differentials specified in paragraph (a)(3) of this section.

*Example No. 1.* A State distributes a payment of \$100 per pupil for instructional materials to all local educational agencies. These amounts are wealth neutral.

*Example No. 2.* A State distributes variable per pupil payments to some or all local educational agencies for such purposes as transportation, special education, compensatory education, vocational education, geographic isolation, or for urban factors. These amounts are wealth neutral (see paragraph (a)(3) of this section).

*Example No. 3.* A State rebates to local educational agencies a portion of sales or income taxes collected in those local educational agencies. Amounts up to the least amount per pupil received in any local educational agency are wealth neutral.

*Example No. 4.* A State distributes a payment of \$125 per pupil to those districts which receive no State aid under the equalization program because of high wealth. These amounts are not wealth neutral because they are earned on the basis of wealth advantage.

(3) All local educational agency tax revenues not considered under the equalization program are wealth neutral to the extent that each local educational agency receives the same amount of dollars per pupil for the

same tax effort and is allowed by the State to spend as much per pupil as any other local educational agency in the State.

*Example No. 1.* A State allows local educational agencies to levy taxes on property (or other bases) independent of the equalization program. Amounts up to the least amount received per pupil per unit of tax effort are wealth neutral.

*Example No. 2.* Because of budget, expenditure, or tax effort increase limitations, some local educational agencies are restricted from levying the same number of mills as other local educational agencies. Amounts above the least amount which could be received by any local educational agency are not wealth neutral.

(4) All local educational agency non-tax revenues which are not considered under the equalization program are wealth neutral to the extent that each local educational agency receives and is allowed to spend the same amount of dollars per pupil of such revenues.

*Example No. 1.* A State allows local educational agencies to earn and spend certain non-tax revenues such as interest earnings on deposits. Amounts up to the least amount per pupil received of such revenues by any local educational agency are wealth neutral.

*Example No. 2.* Because of budget or expenditure increase limitations, some local educational agencies are restricted from spending the same amount of dollars per pupil as other local educational agencies. Amounts up to the least amount per pupil which could be spent by any local educational agency are wealth neutral.

(d) The percent of wealth neutral revenues in a State program will be determined by:

(1) Calculating the total wealth neutral revenues for all local educational agencies in the State;

(2) Dividing the total of wealth neutral revenues by the total of all State, intermediate, and local revenues; and

(3) Multiplying by 100.

(e) In cases where per pupil amounts are necessary for calculations, those amounts will be calculated using whatever standard measurement of pupil count or other unit of need used in the State aid calculations.

(f) Further examples illustrating the use of the criteria for determining wealth neutral revenues are contained in the appendix.

(Authority: 20 U.S.C. 240(d)(2)); S. Rep. No. 763, 93d Cong., 2d Sess. (1974); H.R. Rep. No. 808, 93d Cong., 2d Sess. (1974); Congressional Research Service, *Public Law 874 and State Equalization Plans* (H.R. Comm. Print (1974))

(42 FR 65524, Dec. 30, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980)

§ 222.65 Consideration for exceptional circumstances.

(a) *General requirements.* A State program which does not conform to the standards of either § 222.63 or § 222.64 of this subpart may, nevertheless, qualify under this section if the Secretary determines on the basis of information submitted by the State, that:

(1) A decision not to apply the exact disparity standard specified in § 222.63 to the program submitted by the State would be justifiable because of exceptional circumstances within the State related to disparities in current expenditures or revenue per pupil for education;

(2) A decision not to apply the wealth neutrality standard in § 222.64 would be justifiable because of exceptional circumstances related to the coverage of educational expenditures by the State equalization program;

(3) Current expenditures or revenues for education in that State will be more equalized if payments under the Act are taken into consideration under this subpart than if they are not; and

(4) The program meets the requirements of paragraph (c) of this section.

(b) *Determination of "more equalized."* For purposes of paragraph (a)(3) of this section, current expenditures or revenues for education within a State are considered "more equalized" if the distribution around the mean per pupil expenditure for all local educational agencies within the State is less when payments under the Act are taken into consideration than when they are not, as calculated according to accepted statistical methods appropriate to the circumstances.

(c) *Specific program requirements.* A program of State aid considered under this section is not considered a program designed to equalize expenditures among local educational agencies in the State unless the Secretary finds

that, in addition to meeting the requirements of the preceding paragraphs—

(1) The amount of the revenue available to local educational agencies in the State is not predominantly a function of the wealth of individual local educational agencies;

(2) The program is designed to ensure the provision of financially adequate educational programs and supportive services for every pupil in the State who is enrolled in public schools;

(3) In the determination of the relative financial need of local educational agencies, that program (i) makes provision for identifying those pupils with special educational needs (such as handicapped children, economically disadvantaged children, children with limited English-speaking ability), (ii) takes into consideration the additional costs of providing free public education for such children or categories of children; and (iii) takes into consideration the costs of providing education which might be associated with such factors as sparsity or density of population, cost of living, and socio-economic characteristics of the local educational agencies; except that nothing in this clause shall be construed to require any particular system of weighting of pupils.

(4) The program involves a substantial percentage of school revenues;

(5) The program is designed to provide systems and procedures for evaluating the degree to which the program is achieving its stated objectives.

(Authority: 20 U.S.C. 240(d)(2); S. Rep. No. 763, 93d Cong., 2d Sess. 58 (1974); H.R. Rep. No. 805, 93d Cong., 2d Sess. 42-44 (1974); 102 Cong. Rec. S 8604-8607 (daily ed., May 20, 1974); *Id.*, H 7401 (daily ed., July 31, 1974); Congressional Research Service, *Public Law 874 and State Equalization Plans* 30-34 (H.R. Comm. on Education and Labor Print (March 1974))

[42 FR 65526, Dec. 30, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980]

§ 222.66 Proportion of funds that may be taken into consideration.

(a) *Provision of law.* Section 5(d)(2)(A)(ii) of the Act provides that, in allocating State aid a State may consider as local resources funds re-

ceived under the Act only in proportion to the share that local revenues covered under a State equalization program are of total local revenues. That determinations of proportionality must be made on a case-by-case, school district by school district basis, for each local educational agency affected and not on the basis of a general rule to be applied throughout a State.

(Authority: 20 U.S.C. 240(d)(2)(A)(ii); S. Rep. No. 1026, 93d Cong., 2d Sess., 163 (1974))

(b) *Computation of proportion.* (1) In computing the share that local revenues covered under a State equalization program are of total local revenues for a local educational agency with respect to a program qualifying under § 222.62, the proportion is obtained by dividing (i) the amount of local revenues covered under the equalization program by (ii) the total local revenues attributable to current expenditures for free public education within such agency.

(2) In cases where there are no local revenues for current expenditures and the State provides all of those revenues on behalf of the local educational agency, the State may consider up to 100 percent of the funds received under the Act by that agency in allocating State aid.

(Authority: 20 U.S.C. 240(d)(2)(A)(ii); 102 Cong. Rec. H. 7403 (daily ed., July 31, 1974))

(c) *Local revenues.* For the purposes of this section—

(1) "Local revenues covered under a State equalization program" means those revenues for current expenditures produced within the boundaries of a local educational agency contributed to or taken into consideration in a program of State aid subject to a determination under this subpart, but excluding all revenues from State and Federal sources.

(2) "Total local revenues" means all revenues for current expenditures of a local educational agency, including revenues for education programs for children needing special services, vocational education, transportation, and the like during the period in question

but excluding all revenues from State and Federal sources.

(3) Revenues received by a local educational agency which are produced within the boundaries of an intermediate school district or other local governmental instrumentality will be counted as local revenues.

(d) *Application of proportion to payments under the Act.* (1) The proportion established under this section (or a lesser proportion) for any local educational agency receiving payments under the Act may be applied by a State to actual receipts of those payments or to the prorated entitlements provided for under section 5 of the Act and § 222.26 of Subpart C.

(2) That proportion may not be applied to any portion of a payment under the Act made to a local educational agency on the basis of low-rent public housing pupils or handicapped children after July 1, 1975.

(Authority: 20 U.S.C. 240(d)(2); 102 Cong. Rec. H 7412 (daily ed., July 31, 1974))

[42 FR 15546, Mar. 22, 1977. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 51 FR 6112, Feb. 20, 1986]

§ 222.67 Assurances in applications.

(a) *By applicants.* Each applicant for financial assistance under the Act must set forth an assurance in its application either (1) that the State in which it is situated is not taking payments to such applicant under the Act into consideration with regard to a program of State aid, or (2) that, if the State is taking such payments into consideration with regard to its program of State aid, the State is doing so, for that applicant, in conformity with § 222.66 of this subpart.

(b) *By State educational agencies.* Each State educational agency which certifies an application for financial assistance under the Act, as provided for in § 222.10 of this part, must submit to the Secretary an assurance with such application either (1) that the State is not taking payments under the Act into consideration with regard to a program of State aid, or (2) that the State is taking such payments into consideration with regard to a program of State aid in conformity with section 5(d)(2) of the Act and this subpart.

(c) *State guarantee of certain payments.* A further assurance is required of any State which does not take into consideration payments under the Act in allocating State aid to local educational agencies. The State must assure, for each application it certifies in accordance with § 222.10 of this part, that it will reimburse any local educational agency the amount of any of those payments taken into consideration but not in fact received by the agency by the time of final payment under the Act for the year of determination. The State must also include this assurance as part of any submission for determination under § 222.68 of this subpart.

(d) *Failure to provide assurances.* A failure on the part of any local or State educational agency to set forth the assurances required by this section constitutes sufficient cause for an initiation of proceedings by the Secretary, as provided for in § 222.68 of this subpart. However, the Secretary will not, because of a failure to provide these assurances, suspend or terminate payments under the Act with respect to such agencies prior to the rendering of a final decision under this subpart.

(Authority: 20 U.S.C. 240(d); S. Rep. No. 1026, 93d Cong., 2d Sess. 163 (1974))

§ 222.68 Submissions and consultations.

(a) *Initiation.* (1) A proceeding under this subpart leading to a determination by the Secretary as to whether, or the extent to which a State may take into consideration payments under the Act in determining relative financial resources or need under a program of State aid may be initiated (i) by the State educational agency or other appropriate agency of the State; (ii) by a local educational agency which is or would be adversely affected by that State action; or (iii) by the Secretary, if the Secretary has reason to believe that the State's action is in violation of section 5(d) of the Act and that payments to local educational agencies in the State should therefore be terminated under section 5(d) of the Act.

(2) Whenever a proceeding under this subpart is initiated, the party ini-

plating the proceeding shall give adequate notice to all State and local agencies which might be adversely affected by a determination. Those agencies will be accorded a right of intervention in the determination proceedings.

(3) Nothing in this subpart shall be construed to prohibit a State which has not obtained a prior determination from the Secretary under this subpart from taking into consideration payments under the Act as provided for in section 5(d)(2) of the Act if that action is in conformity with §§ 222.62 and 222.66 of this subpart.

(Authority: 20 U.S.C. 240(d)(2); H.R. Rep. No. 805, 93d Cong., 2d Sess., 42-43 (1974))

(b) *Submission.* (1) A submission by a State or local educational agency under this section must be made in the manner requested by the Secretary and must contain such information and assurances as may be required by the Secretary in order to reach a determination under section 5(d) of the Act and this subpart.

(2) A State educational agency in a submission must (i) demonstrate how its program of State aid comports with the criteria and standards in § 222.62 and (ii) indicate for each local educational agency receiving funds under the Act the proportion of those funds which will be taken into consideration in accordance with § 222.66.

(3) A local educational agency in a submission must demonstrate how it is affected by (i) the action of the State and (ii) the applicability of the standards set forth in this subpart to such action.

(4) Whenever a proceeding is initiated under this subpart, the Secretary may request from a State the data deemed necessary to make a determination. A failure on the part of a State to comply with that request within a reasonable period of time shall result in a summary determination by the Secretary that the program of State aid of that State does not comport with the regulations under this subpart.

(c) *Advance consultation.* States may upon request consult with the Department regarding the possible application of the requirements of this sub-

part to relevant proposed legislation (such as legislation providing for taking into account funds under the Act in determining the amount of State aid) prior to the adoption of the legislation.

(Authority: 20 U.S.C. 240(d))

§ 222.69 Notice and opportunity for hearing.

(a) *General requirements.* The Secretary will afford reasonable notice of a determination under this subpart and opportunity for a hearing to any State educational agency or local educational agency adversely affected by the determination. The Secretary will afford the notice and opportunity for a hearing and the hearing (if requested) shall take place prior to the implementation by the Secretary of any determination. The notice shall set forth the reasons for the determination in sufficient detail to enable the agencies to respond.

(b) *Requests for hearing.* (1) A State or local educational agency which is adversely affected by a determination under section 5(d) of the Act and this subpart and which desires a hearing regarding that determination must submit a written request for a hearing within 30 days after the Secretary gives appropriate notice. The time within which a request must be filed will not be extended unless the time for filing the request is extended in writing by the Secretary or the Secretary's designee at the time notice of the determination is given.

(2) A request for a hearing in accordance with this section must specify the issues of fact and law to be considered.

(3) If a local educational agency requests a hearing it must furnish a copy of the request to the appropriate State educational agency. If a State requests a hearing, it must furnish a copy of the request to all local educational agencies whose payments under the Act are or would be taken into consideration in the allocation of State aid.

(c) *Time and place of hearing.* The hearing shall be held at a time and place fixed by the Secretary or the Secretary's designee (with due regard

to the mutual convenience of the parties).

(d) *Counsel.* In all proceedings under this section, all parties shall have the right to be represented by counsel.

(e) *Proceedings.* The Secretary may refer the matter in controversy to a hearing officer or to a hearing panel designated by the Secretary for such purpose. The hearing officer or hearing panel may consist of or include persons who are employees of the Department, employees of other Federal departments and agencies, and persons who are not Federal employees.

(f) *Procedural rules.* (1) If in the opinion of the hearing officer or panel no dispute exists as to a material fact the resolution of which would be materially assisted by oral testimony, the hearing officer or panel shall afford each party to the proceeding an opportunity for presenting its case at the option of the hearing officer or panel (i) in whole or in part in writing or (ii) in an informal conference which shall afford each party sufficient notice of the issues to be considered (where such notice has not previously been afforded).

(2) With respect to hearings involving a dispute as to a material fact the resolution of which would be materially assisted by oral testimony, the hearing officer or panel shall afford each party, in addition to the notice of issues required by paragraph (f)(1)(ii) of this section, the following:

(i) An opportunity for a record of the proceedings;

(ii) An opportunity to present witnesses on the party's behalf; and

(iii) An opportunity to cross-examine other witnesses either orally or through written interrogatories.

(g) *Decisions.* When a hearing officer or panel is designated to consider the matter, the officer or panel shall make an initial decision based upon written findings, which shall be forwarded to the Secretary. The Secretary may, by appropriate notification to the parties, determine to review it or certify it as the final decision of the Secretary without further proceedings. Written notice of the initial decision shall be sent to all parties. In any case in which the Secretary modifies or reverses the initial decision, a notice

of that action shall be accompanied by a written statement of the grounds for the reversal or modification. Notice of the final decision of the Secretary shall be served upon all parties to the hearing, the hearing panel and any local educational agency which may be adversely affected thereby.

(h) *Effect on payments.* (1) When an appropriate request for a hearing under this section has been made the Secretary will not suspend or terminate payments to a local educational agency under the Act on the basis of section 5(d)(1) of the Act until a final decision with respect to the matter in controversy has been made under this subpart.

(2) If a State has been finally determined, after notice and opportunity for hearing, to have been taking into consideration payments under the Act in violation of sections 5(d)(1) and (2) of the Act, the Secretary shall terminate payments under the Act to all local educational agencies in that State unless the State provides satisfactory assurances within thirty (30) days after receiving notice of a final decision, that it will restore to all affected local agencies any State aid which was denied the agencies because of those payments.

(3) If a State has been finally determined, after notice and opportunity for a hearing, to have been taking into consideration payments under the Act in excess of the proportion computed under § 222.66 of this subpart, the Secretary shall terminate payments under the Act to all local educational agencies in that State, unless the State provides satisfactory assurances, within thirty (30) days after receiving notice of a final decision, that it will reimburse all affected local educational agencies for the excess amount of payments taken into consideration in the allocation of State aid and that thereafter it will only take into consideration payments under the Act in the proportion permitted.

(4) During the thirty days provided under paragraphs (h)(2) and (3) of this section, for a State to provide satisfactory assurances, the Secretary will suspend payments under the Act to all local educational agencies in the State. However, if during that time

the State does provide the assurances required, the Secretary will lift the suspension of payments.

(Authority: 20 U.S.C. 240(d), 242(b); S. Rep. No. 1026, 93d Cong., 2d Sess. 183 (1974))

**Subpart H—Handicapped Children and Children With Specific Learning Disabilities**

SOURCE 43 FR 19762, May 8, 1978, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

§ 222.70 General.

(a) *Scope.* The regulation in this Subpart governs the provision of financial assistance to local educational agencies which provide free public education to handicapped children who are claimed under section 3(d)(2)(C) of the Act. The regulation, however, is not alone in governing the relationship between the local educational agency and the handicapped child. Other statutes and regulations which may be pertinent in a particular instance are section 504 of the Rehabilitation Act of 1973 (20 U.S.C. 706 and 34 CFR Part 104 ff.), the Education of the Handicapped Act, as amended by the Education for All Handicapped Children Act of 1975 (20 U.S.C. 1401 et seq. and 34 CFR Part 300 ff.), and section 121 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241c-1 and 34 CFR Part 200).

(b) *Purpose.* The purpose of the regulation in this Subpart is to set forth the requirements, interpretations, and guidance necessary to implement section 3(d)(2)(C) of the Act.

(c) *Definitions.* For the purposes of this Subpart, the following terms are defined as indicated:

(1) "Children with specific learning disabilities" means those children who have a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations. These disorders include conditions such as perceptual handicaps, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia. The term does

not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, or of environmental, cultural, or economic disadvantage.

(2) "Education of the Handicapped Act" means Pub. L. 91-230, as amended (20 U.S.C. 1401 et seq.).

(3) "Free public education" means free appropriate public education as used in the Education of the Handicapped Act and as defined in 34 CFR 300.4. In particular, this means special education and related services which:

(i) Are provided at public expense, under public supervision and direction, and without charge,

(ii) Meet the standards of the State educational agency, including the requirements of this part,

(iii) Include preschool, elementary school, or secondary school education in the State involved, and

(iv) Are provided in conformity with an individualized education program which meets the requirements under 34 CFR 300.340-300.369.

(4) "Handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired, deaf-blind, multi-handicapped children, or as having specific learning disabilities, who because of those impairments need special education and related services.

(5) "Preschool program" means an educational or related program encompassing the educational level from a child's birth to the time at which elementary education is provided as determined under State law, provided that this program is recognized as free public education under State law.

(6) "Related needs" means those needs related to a handicap or specific learning disability for which related services, in addition to direct instructional services, are deemed necessary so that the child may effectively participate in the instructional program of the local educational agency.

(7) "Related services" means transportation and other developmental, corrective, and other supportive services (including speech pathology and

audiology, psychological services, physical and occupational therapy, recreation, and medical and counseling services, except that these medical services shall be for diagnostic and evaluation purposes only) required to assist a handicapped child to benefit from special education, and includes the early identification and assessment of handicapping conditions in children.

(Authority: 20 U.S.C. 238(d)(2)(C))

[43 FR 19762, May 8, 1978. Redesignated at 45 FR 77368, Nov. 21, 1980, and amended at 45 FR 88299, Dec. 30, 1980]

§ 222.71 Eligibility requirements.

(a) In order that a handicapped child may be counted for the purpose of an increased entitlement under section 3(d)(2)(C) of the Pub. L. 81-874, the Act requires that a child must—

(1) Have a parent on active duty in the uniformed services, as defined by section 101 of Title 37 United States Code, or

(2) Reside on Indian lands, as described in section 403(1)(A) of the Act;

(3) Be receiving services suited to the child's special educational and related needs; and

(4) Be enrolled in a program (including a preschool program if appropriate) which is of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the child's special educational and related needs provided as part of free public education in the local educational agency.

(b) The applicant agency must meet the regular eligibility requirements of Pub. L. 81-874 under section 3(c) to receive the increase in entitlement under section 3(d)(2)(C). However, there is no minimum number of handicapped children who must be served for the agency to receive the increase in entitlement.

(c) The program provided the handicapped children claimed under section 3(d)(2)(C) of the Act must conform to State standards for programs for handicapped children and must encompass the specific educational and related needs of the children claimed.

(Authority: 20 U.S.C. 238(a)(b)(d)(2)(C); 240(f); Sen. Rept. No. 93-1026, p. 169 (1974);

*Chinle Common School District v. Mathews*, Civil No. 78-1273 (D. D.C., 1978))

§ 222.72 Application procedures.

(a) The applicant agency must state the number of handicapped children it claims under section 3(d)(2)(C) of the Act in the application filed in accordance with procedures set forth in Subpart B of this regulation published separately.

(b) The applicant agency must provide the assurances and certifications required under § 222.73 of this subpart as part of the application mentioned in paragraph (a) of this section.

(c) The Secretary may require information in addition to that contained in the application in order to substantiate compliance with assurances provided with the application.

(Authority: 20 U.S.C. 238(d)(2)(C), 242)

§ 222.73 Assurances and certifications.

(a) *Size, scope, and quality of the programs.* (1) For each applicant for assistance under the Act which is based in any part upon children who are counted under section 3(d)(2)(C) of the Act, the applicant agency must provide an assurance that these children are receiving services in programs (including preschool programs) which are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the special educational and related needs of these children. The Secretary will consider any special education program serving the special educational needs of these children which conforms to the requirements for special education programs under Part B of the Education of the Handicapped Act as satisfying the assurance.

(2) For each application containing the assurance required by paragraph (a)(1) of this section, the applicant agency must also provide a certification from its State educational agency that the particular program(s) provided by the applicant conform(s) to State standards for programs for these types of children.

(b) *Education of the Handicapped Act requirements.* (1) For each applicant for assistance under the Act which is based in any part upon a de-

termination under section 3(d)(2)(C) of the Act, the applicant agency must provide an assurance that the programs designed to meet the special educational and related needs of children determined under that section conform to the policies and procedures required in fulfillment of requirement under sections 612 and 613 of the Education of the Handicapped Act.

(2) For each application containing the assurance required by paragraph (b)(1) of this section, the applicant agency must provide a certification from the State educational agency that the program provided by the applicant conforms to the requirements of sections 612 and 613 of the Education of the Handicapped Act.

(3) In undertaking any further determination whether these State standards and programs conform to the policies and procedures required under sections 612 and 613 of the Education of the Handicapped Act, the Secretary shall consult with persons in charge of special education programs for handicapped children and children with specific learning disabilities in the State education agency.

(Authority: 20 U.S.C. 238(3)(2)(C); H.R. Rept. No. 93-805, pp. 43-46 (1974); Sen. Rept. No. 93-1028, p. 46 (1974); Cong. Record, daily ed., H7396, July 31, 1974)

#### § 222.74 Use of section 3(d)(2)(C) funds.

(a) *General.* Section 5(f) of the Act requires that the amount of a payment to an applicant which is attributable to a determination under section 3(d)(2)(C) of the Act must be used for special programs and projects designed to meet the special educational needs of the children counted under that provision. Only payments related to the increase in entitlement affected by section 3(d)(2)(C) must be used in this manner. Payments related to the basic entitlement provided under section 3(c) for those children do not have to be used in this manner.

(Authority: 20 U.S.C. 240(f))

(b) *Duration of availability of funds.* An applicant may obligate and expend funds received for section 3(d)(2)(C) until the end of the fiscal year succeeding the fiscal year for which they were appropriated. The recipient

agency must return those funds to the Department that it has not obligated by the end of that period.

(Authority: 20 U.S.C. 1225(b))

(c) *Methods of obligation and expenditure of funds.* Obligations and expenditures may be incurred for the uses authorized under section 5(f) of the Act and paragraph (a) of this section in either of two ways:

(1) The applicant agency may reimburse itself for obligations or expenditures from local funds already made during the fiscal year for which the funds were appropriated or during the following fiscal year. Those obligations or expenditures must have been for appropriate programs or projects serving the children from whom the funds under section 3(d)(2)(C) were paid; or

(2) The applicant agency may obligate or spend these funds on a current basis during the fiscal year for which the funds were appropriated or during the following fiscal year. The obligations or expenditures must be for programs or projects serving the children for whom the funds under section 3(d)(2)(C) were paid.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(f), 242)

(d) *Allowable expenditures.* An agency receiving funds under section 3(d)(2)(C) of the Act shall use those funds for the following types of expenditures:

(1) Expenditures which are reasonably related to the conduct of programs or projects for the education of handicapped children which meet the requirements of this section. These expenditures may include planning, evaluating and disseminating of the results of those programs or projects but may not include the construction of school facilities;

(2) Expenditures for equipment to meet the special educational needs of the handicapped children counted under section 3(d)(2)(C). If funds received under section 3(d)(2)(C) of the Act are used for the acquisition of equipment and an financial advantage is realized through bargains, rebates, discounts, bonuses, free pieces of equipment (not used in the program

or project covered by this paragraph) or other circumstances, the fair market value of that financial advantage is not an allowable expenditure and shall not be credited as an expenditure of those funds.

In no case may funds provided by section 3(d)(2)(C) be used to acquire equipment when the title to that equipment would be in a private school and not in the applicant agency.

(e) *No supplanting of State funds.* The use of funds provided under section 3(d)(2)(C) of the Act shall not supplant any State funds which were or would have been available to the applicant agency for the free public education of children counted under section 3(d)(2)(C).

(1) The applicant agency must spend at least the same amount, per pupil, of State general aid funds and State handicapped education funds on children counted under section 3(d)(2)(C) as it does for other similarly handicapped children enrolled in the schools of the agency.

(2) A reduction in the amount, per pupil, of State aid spent on children counted under section 3(d)(2)(C) of the Act from that spent in a previous year raises a presumption that supplanting has occurred. This presumption may be rebutted by the applicant agency demonstrating that an equivalent reduction was made in the amount, per pupil, spent on other handicapped children enrolled in the schools of the agency.

(Authority: 20 U.S.C. 235, 238, 240 and 242(b))

#### § 222.75 Per pupil expenditure requirement.

(a) *Expenditures for children eligible under section 3(d)(2)(C).* Expenditures per pupil by an applicant agency from State, local, and section 3(d)(2)(C) funds for handicapped children enrolled in programs serving children counted under section 3(d)(2)(C) must be greater than the expenditure per pupil for all children, other than handicapped children, receiving free public education in the schools of that agency.

(b) *Computation.* In determining whether an agency fulfills the requirement stated in paragraph (a) of this section, the following computations must be made:

(1) Divide the total current expenditures from State, local, and section 3(d)(2)(C) funds for special educational programs by the total number of children who are being served in the special educational programs of the agency.

(2) Divide the total current expenditures from State and local funds for children receiving a free public education from the agency who are not handicapped children by the total number of those children who are not handicapped.

(3) If the figure obtained under paragraph (b)(1) of this section, exceeds the figure obtained in paragraph (b)(2) of this section, the applicant agency has fulfilled the requirement of paragraph (a) of this section.

(c) *Records and information required of an applicant agency.* An applicant agency which receives funds under section 3(d)(2)(C) must keep records of the expenditures for children receiving a free public education in its schools in such a manner to permit the computation set forth in paragraph (b) of this section. Furthermore, when requested, that agency must furnish to the Secretary whatever information or data the Secretary considers necessary to substantial compliance with the requirements of this section.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(f); H. Rept. No. 93-763, p. 45 (1974))

#### § 222.76 Relation to section 5(d)(2) of the Act.

(a) Section 5(d)(2) of the Act provides that States having a State aid program designed to divide expenditures for children equally among local educational agencies in the State, which conform to Subpart B, may consider payments received by an agency under Pub. L. 81-874 as local resources in determining the need for or the amount of State aid allocated to that agency. A regulation setting forth these standards appears in Subpart B of this part.

(b) Whether or not a State has a program of State aid that meets the requirements of section 5(d)(2) of the Act, payments provided under section 3(d)(2)(C) may not be considered by a State in determining the need for or the amount of State aid which will be allocated to a local educational agency receiving those payments.

(Authority: 20 U.S.C. 238(d)(2)(C), 240(d), (f), 242(b))

§ 222.77 Children in private schools.

(a) An applicant may place a handicapped child in, or refer a handicapped child to a private school or facility, so long as it follows the policies and procedures for doing so established under section 613 of the Education of the Handicapped Act. Regulations implementing those policies and procedures are set forth in 34 CFR Part 300. The applicant must have placed the handicapped child in, or have referred the children to, the private school or facility that he or she is attending in order for the child to be counted under section 3(d)(2)(C) of Pub. L. 81-874.

(b) If placement in a public or private residential program is necessary to provide a free public education to a handicapped child because of his or her handicap, the program, including non-medical care and room and board, shall be provided at no cost to the child or his or her parents or guardian.

(c) Children who have been placed in private schools by the parents may participate in public school programs which use section 3(d)(2)(C) funds.

(Authority: 20 U.S.C. 238, 240(f), 242(b), E. Rept. 93-763, p. 45 (1974))

§ 222.78 Individualized educational programs and parental involvement.

(a) Each applicant must have in effect a written individualized educational program for a child counted under 3(d)(2)(C) of the Act. This program must:

- (1) Be in effect before special education and related services are provided to the child; and
- (2) Be implemented as soon as possible after meetings held for the pur-

pose of developing, reviewing or revising the child's program.

(b) Each applicant must provide for the participation of and consultation with parents or guardians of handicapped children counted under section 3(d)(2)(C) of the Act in the children's educational development.

(c) Each applicant must take steps to insure the involvement of a handicapped child's parents or guardian in meetings held for the purpose of developing, reviewing or revising that child's educational program.

(d) Each applicant shall take steps to insure that one or both of the parents of the handicapped child are present at each meeting or are afforded the opportunity to participate, including:

- (1) Notifying parents of the meeting early enough to insure that they will have an opportunity to attend; and
- (2) Scheduling the meeting at a mutually agreed on time and place.

(e) The notice under paragraph (d)(1) of this section must indicate the purpose, time, and location of the meeting, and who will be in attendance.

(f) If neither parent can attend, the applicant shall use other methods to insure parent participation, including individual or conference telephone calls.

(g) A meeting may be conducted without a parent in attendance if the applicant is unable to convince the parents that they should attend.

(h) The applicant shall take whatever action is necessary to insure that the parent understands the proceedings at a meeting, including arranging for an interpreter for parents who are deaf or whose native language is other than English.

(i) The applicant shall give the parent, on request, a copy of the child's educational program.

(j) An applicant which satisfies, for children counted under section 3(d)(2)(C), the requirements of Part B of the Education of the Handicapped Act regarding the involvement of parents of handicapped children will have satisfied the requirements of this section.

(Authority: 20 U.S.C. 233(d)(2)(C), 240(f), 242(b), 1231(d))

§ 222.79 Applicability of other statutory and regulatory requirements.

(a) *Applicability of General Provisions Regulations.* Relevant provisions contained in Parts 75 and 77 of this chapter are applicable to programs conducted under section 3(d)(2)(C), with the following exceptions:

- Sec. 100a.15 Applications for grants or contracts.
- 100a.26 Review of applications.
- 100a.27 Disposition of applications.
- 100a.31 Preapplications.

SUBPART C—APPLICATION FORMS FOR STATE AND LOCAL GOVERNMENTS

- 100a.64 Duration of projects.
- 100a.62 Payment methods for nonconstruction projects.
- 100a.71 Checks-paid basis letter of credit.

SUBPART P—FINANCIAL REPORTING REQUIREMENTS

- 100a.405 Request for advance or reimbursement.

SUBPART Q—MONITORING AND REPORTING OF PROGRAM PERFORMANCE

- 100a.432 Performance reports for nonconstruction projects.

(Authority: 20 U.S.C. 1221c(b)(1); 20 U.S.C. 242(b); OMB Cir. A-102)

(b) *Applicability of civil rights and related requirements.* Payments provided under section 3(d)(2)(C) are subject to the requirements of the following laws and regulations: Title VI of the Civil Rights Act of 1964 (34 CFR Part 100); Title IX of the Educational Amendments of 1972 (34 CFR Part 108); and section 504 of the Vocational Rehabilitation Act of 1973 (34 CFR Part 104).

(Authority: 42 U.S.C. 200d; 20 U.S.C. 1681, 29 U.S.C. 794)

Subpart I—Entitlements Related To Low-Rent Public Housing

Source: 43 FR 19765, May 8, 1978, unless otherwise noted. Redesignated at 45 FR 77368, Nov. 21, 1980.

§ 222.80 General.

(a) *Scope.* The regulation in this subpart concerns entitlements calculated under section 3 of the Act with respect to children who reside on low-rent public housing or who reside with a parent who is employed on low-rent public housing.

(b) *Purpose.* The purpose of the regulation in this Subpart is to implement the requirement stated in section 5(e)(3) of the Act that funds paid to local educational agencies with respect to the children described in paragraph (a) of this section must be used for special programs and projects designed to meet the special educational needs of educationally deprived children. This regulation establishes particular procedural and substantive requirements regarding the application for and use of these funds.

(c) *Definitions.* For the purposes of this subpart, the following terms are defined as indicated:

- (1) "Educationally deprived children" means (1) children who have need for special educational assistance in order that their level of achievement can be raised to that appropriate for children of their age; and (2) children who are handicapped, as defined in 34 CFR 222.70(c).

(Authority: 20 U.S.C. 240(e), 242(b), 1401(1))

(2) "Low-rent public housing" means any low-rent public housing, whether or not owned by the United States, which is part of a low-rent housing project, assisted under the United States Housing Act of 1937, section 516 of the Housing Act of 1949, or part B of title III of the Economic Opportunity Act of 1964.

(Authority: 20 U.S.C. 240(e), 244(1)(c))

(3) "Section 5(e)" means section 5(e) of Pub. L. 81-874.

(Authority: 20 U.S.C. 240(e))

(4) "Title I" means title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241a et seq).

(Authority: 20 U.S.C. 240(e))

§ 222.81 Use of section 5(e) funds.

(a) *General.* Section 5(e)(3) of the Act requires that an applicant which

# MEMORANDUM

State of Alaska

TO: Marshall L. Lind, Commissioner  
Department of Education

DATE: March 25, 1987

FILE NO.:

THRU: Richard Luther, Director  
Educational Program Support

TELEPHONE NO.: 465-2970

SUBJECT: SB 119/HB 126

FROM: Laurel Tatsuda, Program Manager  
Bilingual-Bicultural and G/T Education

COPY

The B/B Regulations Task Force has the following recommendations regarding state aid for Bilingual-Bicultural Education:

- a. SB 119/HB 126: Amend Sec. 9 AS 14.17.047 BILINGUAL EDUCATION INSTRUCTIONAL UNITS as follows:

Any funding community in which a bilingual program, approved by the Department, is operated receives a minimum of 0.10 instructional units for bilingual education, and each district in which such a program is operated receives a minimum of 1.00 such unit when the weighted ADM is less than 13 and a minimum of 2.00 such units when the weighted ADM is 13 or higher.

- b. INTENT LANGUAGE:

Sec. 9 AS 14.17 BILINGUAL EDUCATION INSTRUCTIONAL UNITS shall be re-evaluated by the Department of Education for revision based on weighted program costs consistent with proposed revisions to bilingual education regulations.

We believe that these recommendations will alleviate the concerns of districts that were facing substantial reductions in B/B funding under the original SB 119/HB 126 proposal. Approximately 13 districts would gain 1.00 instructional unit or a fraction of 1.00 instructional unit under this change. This proposal will not affect districts that already generate through ADM more than 2.00 instructional units or districts, with very few B/B students (weighted ADM under 13), in need of only 1.00 instructional unit. Attached is a listing of districts and the estimated gain under this recommendation.

Attachment

cc: Larry Huxel  
Nat Cole  
Bill Mulnix  
Task Force Members

am. will cost  
\$ 800,000

STATE OF ALASKA-DEPARTMENT OF EDUCATION  
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL  
AMOUNT OF BASIC NEED BY CATEGORY  
PREPARED 5/03/87 MB26/58119

| SCHOOL DISTRICT   | K - 12       | 91/81      | SPECIAL EDUCATION | VOC ED     | FY88 PROJECTED BASIC NEED | Estimated I.U. Gain | \$\$ GAIN |
|-------------------|--------------|------------|-------------------|------------|---------------------------|---------------------|-----------|
| ADAK              | 13,668,000   | 176,200    | 1367,300          | 176,200    | 13,984,200                |                     |           |
| ALASKA GATEWAY    | 14,376,800   | 169,600    | 1345,300          | 169,600    | 14,869,300                | 1.00                | 27,600    |
| ALUTTIAN REGION   | 11,662,400   | 0          | 176,200           | 176,200    | 11,994,800                |                     |           |
| ANCHORAGE         | 1156,567,600 | 12,614,400 | 123,773,200       | 11,976,400 | 1184,731,600              |                     |           |
| ANNETTE ISLAND    | 12,084,000   | 160,000    | 1252,600          | 160,000    | 12,646,600                |                     |           |
| BERING STRAIT     | 112,607,800  | 1939,600   | 11,021,200        | 1175,300   | 116,743,600               |                     |           |
| BOSTON BAY        | 11,783,200   | 176,200    | 1169,200          | 176,200    | 12,104,800                |                     |           |
| CHATHAM           | 12,677,400   | 0          | 1208,200          | 160,000    | 12,745,600                |                     |           |
| CHUGACH           | 11,668,200   | 0          | 166,600           | 166,600    | 11,601,400                |                     |           |
| COPPER RIVER      | 14,267,400   | 166,600    | 1380,600          | 166,600    | 14,761,000                |                     |           |
| CORDOVA           | 12,313,600   | 0          | 1256,800          | 166,600    | 12,637,000                |                     |           |
| CRAIG             | 11,254,000   | 0          | 1110,400          | 160,000    | 11,404,400                |                     |           |
| DELTA GREZLY      | 15,157,600   | 0          | 1620,400          | 1106,200   | 15,884,200                | 1.00                | 72,200    |
| OTLUKCHAM         | 12,639,800   | 176,200    | 1276,200          | 176,200    | 13,268,400                |                     |           |
| FAIRBANKS         | 156,533,200  | 1366,600   | 17,725,600        | 1786,600   | 165,611,800               |                     |           |
| GALENA            | 11,362,600   | 0          | 188,800           | 178,000    | 11,529,400                |                     |           |
| HADEN             | 12,076,000   | 163,000    | 1186,600          | 163,000    | 12,388,600                |                     |           |
| HOODHAM           | 11,345,000   | 0          | 1175,800          | 163,000    | 11,603,800                |                     |           |
| HYDABURG          | 1780,000     | 160,000    | 199,000           | 160,000    | 1999,000                  |                     |           |
| IGLOOVIEW         | 14,387,200   | 172,000    | 1309,600          | 172,000    | 14,839,800                | 1.00                | 76,000    |
| JUNEAU            | 117,234,600  | 175,600    | 13,133,800        | 1308,600   | 120,752,200               | .75                 | 44,400    |
| KAKE              | 11,072,200   | 0          | 1202,200          | 160,000    | 11,334,400                |                     |           |
| KASHUNWETUT       | 11,450,800   | 1177,000   | 1197,400          | 178,000    | 11,903,200                |                     |           |
| KENAI             | 138,723,400  | 1601,800   | 14,629,600        | 1771,000   | 144,725,800               |                     |           |
| KETCHIKAN         | 110,234,800  | 160,000    | 11,608,200        | 1186,000   | 111,889,000               |                     |           |
| KING CONE         | 11,132,800   | 0          | 1186,000          | 176,200    | 11,395,000                |                     |           |
| KLANCK            | 11,032,000   | 0          | 1184,200          | 160,000    | 11,276,200                |                     |           |
| KODIAK            | 112,573,600  | 1126,000   | 11,532,600        | 1133,600   | 114,765,800               | .05                 | 4,800     |
| KOPIK             | 14,176,000   | 1117,000   | 1296,200          | 161,000    | 14,649,200                | .5                  | 24,000    |
| LAKE & PENINSULA  | 14,771,200   | 176,200    | 1268,200          | 164,000    | 15,199,600                | 1.00                | 76,200    |
| LOWER Kuskokwim   | 123,926,200  | 14,569,800 | 12,333,800        | 1233,200   | 131,063,000               |                     |           |
| LOWER YUKON       | 111,667,000  | 1538,600   | 11,402,200        | 1192,000   | 113,731,600               |                     |           |
| MAT-SU            | 138,381,600  | 166,000    | 13,926,000        | 1589,800   | 142,961,200               | .90                 | 54,000    |
| MEER              | 11,638,600   | 172,000    | 1157,800          | 172,000    | 11,732,400                |                     |           |
| MOE               | 14,540,200   | 188,600    | 1466,200          | 188,600    | 15,167,200                | 1.00                | 30,400    |
| NORTH SLOPE       | 118,228,200  | 1631,800   | 1783,600          | 1176,600   | 119,634,000               |                     |           |
| NORTHWEST ARCTIC  | 116,186,000  | 1686,600   | 11,297,800        | 1147,600   | 116,237,800               |                     |           |
| PELICAN           | 1619,600     | 0          | 163,000           | 163,000    | 1645,600                  |                     |           |
| PETERSBURG        | 12,748,000   | 168,000    | 1378,200          | 168,000    | 13,262,200                |                     |           |
| PRUDHOPE          | 11,681,600   | 176,200    | 1156,000          | 176,200    | 11,799,800                | 1.00                | 76,200    |
| RAILBELT          | 12,806,600   | 0          | 1152,600          | 172,000    | 13,079,200                |                     |           |
| SAND POINT        | 11,143,000   | 0          | 1116,400          | 176,200    | 11,335,600                |                     |           |
| SITKA             | 16,826,200   | 160,000    | 11,058,400        | 197,200    | 18,038,800                | 1.00                | 60,000    |
| SKAGWAY           | 1949,200     | 0          | 163,000           | 163,000    | 11,075,200                |                     |           |
| SOUTHEAST ISLAND  | 14,345,200   | 0          | 1189,600          | 160,000    | 14,594,800                |                     |           |
| SOUTHWEST HORIZON | 13,160,800   | 1491,800   | 1279,000          | 176,200    | 14,107,800                |                     |           |
| ST. PANTY'S       | 11,118,600   | 178,000    | 186,400           | 178,000    | 11,361,000                |                     |           |
| TANANA            | 1671,200     | 178,000    | 178,000           | 178,000    | 11,105,200                |                     |           |
| UNALASKA          | 11,521,200   | 176,200    | 162,800           | 176,200    | 11,534,400                |                     |           |
| VALDEZ            | 13,826,800   | 0          | 11,753,200        | 170,800    | 15,650,800                |                     |           |
| WAINWELL          | 12,333,400   | 0          | 1391,200          | 160,000    | 12,784,600                |                     |           |
| WADUTAI           | 1995,400     | 0          | 1108,600          | 163,000    | 11,167,000                |                     |           |
| WILSON PLATS      | 13,008,400   | 165,200    | 1354,600          | 165,200    | 13,533,400                | 1.00                | 55,200    |
| YUKON-COYUKUK     | 14,079,800   | 178,000    | 1434,600          | 190,000    | 14,482,400                | 1.00                | 75,000    |
| YUPIK             | 12,755,200   | 1518,600   | 1201,200          | 178,000    | 13,349,600                |                     |           |

\$922,000

TOTALS 1915,541,200 113,729,600 143,754,200 14,827,300 1623,392,400

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/28/87

DATE TURNED INTO OFFICE 5/13/87

Mr. President:

HESS Committee considered CSHB 126(Fin)

public school foundation program, employer contributions to the Teachers' Retirement System, and community school programs;efd.

and recommended:

[ ] replace with CS FOR ) [ ] same title
[ ] or adopt CS FOR ) [ ] new title

[ ] attached amendment(s) and

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

[ ] letter of intent adopted

Committee [X] attached or [ ] adopted fiscal note(s)

[ ] new [ ] updated or [X] previous
[ ] zero [X] fiscal impact

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members on a list of lines.

OTHER RECOMMENDATIONS

Handwritten signature and other recommendations on a list of lines.

Paul Frank No Pass
Chairman signature and recommendation

[ ] Committee Backup Attached

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 126 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the public school foundation  
7 program, employer contributions to the Teachers'  
8 Retirement System, and community school programs; and  
9 providing for an effective date."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 14.17.010 is amended to read:  
12 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The  
13 public school foundation account is established. The account consists  
14 of appropriations for distribution to districts and [OR] for central-  
15 ized correspondence study programs under this chapter.  
16 (b) The money of the account may be used only in aid of public  
17 schools, including community school programs, and [OR] for centralized  
18 correspondence study programs as provided by this chapter.  
19 \* Sec. 2. AS 14.17.021 is repealed and reenacted to read:  
20 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state  
21 foundation aid for which a school district may qualify in a fiscal  
22 year is calculated by subtracting from the basic need defined in (b)  
23 of this section the required local contributions under AS 14.17.025(a)  
24 and 90 percent of eligible federal impact aid for that fiscal year.  
25 (b) The basic need of a school district is determined by multi-  
26 plying the area cost differential of the district under AS 14.17.051  
27 by the number of instructional units in the district under AS 14.17.-  
28 031 and then multiplying that product by the instructional unit value  
29 in AS 14.17.056.

1 \* Sec. 3. AS 14.17.022 is amended to read:

2           Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE  
3 STUDY. Money [FUNDS] for providing centralized correspondence study  
4 programs for students not enrolled in an approved school district  
5 correspondence study program includes [SHALL INCLUDE] an allocation  
6 [APPROPRIATION] from the public school foundation account in an amount  
7 calculated by multiplying the [BASE] instructional unit value in  
8 AS 14.17.056 by the total number of instructional units, as determined  
9 by applying the number of correspondence students to the formula for  
10 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-  
11 uct by 65 percent [AS 14.17.041(a)].

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

13           Sec. 14.17.025. LOCAL CONTRIBUTIONS. (a) Local contributions  
14 to a city or borough school district shall include at least the lesser  
15 of

16                   (1) the equivalent of a four mill tax levy on the full and  
17 true value of the taxable real and personal property in the district  
18 as of January 1 of the second preceding fiscal year, as determined by  
19 the Department of Community and Regional Affairs under AS 14.17.140  
20 and AS 29.45.110; or

21                   (2) 35 percent of the district's basic need for the preced-  
22 ing fiscal year, as determined under AS 14.17.021(b).

23           (b) In addition to the local contributions required under (a) of  
24 this section, local contributions to a city or borough school district  
25 in a fiscal year may include no more than the greater of

26                   (1) the equivalent of a two mill tax levy on the full and  
27 true value of the taxable real and personal property in the district  
28 as of January 1 of the second preceding fiscal year, as determined by  
29 the Department of Community and Regional Affairs under AS 14.17.140

1 and AS 29.45.110; or

2 (2) the product obtained by multiplying

3 (A) 21 percent of the instructional unit value in  
4 AS 14.17.056;

5 (B) the number of instructional units approved for the  
6 district for the fiscal year; and

7 (C) the area cost differential of the district under  
8 AS 14.17.051.

9 (c) The department may by regulation reduce the maximum local  
10 contribution specified in (b) of this section if necessary to keep  
11 revenue or expenditure disparities among school districts in the state  
12 in compliance with federal equalization requirements under sec. 5(d)-  
13 (2) of P.L. 81 - 874 (20 U.S.C. 240(d)(2)), as amended, and regula-  
14 tions adopted under it.

15 (d) Local contributions are not required in a regional educa-  
16 tional attendance area. Interest earnings and other local revenue in  
17 a regional educational attendance area are not considered local reve-  
18 nue for current operating expenditures, and are subject to regulation  
19 and disposition by the department.

20 (e) A state foundation aid payment may not be made to a city or  
21 borough school district in which the requirements of (a) of this  
22 section have not been met.

23 (f) For the first two fiscal years in which a district is sub-  
24 ject to this section, local contributions may be less than the amount  
25 that would otherwise be required under (a) of this section. However,  
26 local contributions must be at least the greater of

27 (1) the local contributions, excluding any federal impact  
28 aid, for the previous fiscal year; or

29 (2) the sum of 10 percent of the district's eligible

1 federal impact aid for that year and, for the first year, the  
2 equivalent of a two mill tax levy and for the second year, the  
3 equivalent of a three mill tax levy, on the full and true value of the  
4 taxable real and personal property in the district as of January 1 of  
5 the second preceding fiscal year, as determined by the Department of  
6 Community and Regional Affairs under AS 14.17.140 and AS 29.45.110.

7 (g) A school district is eligible for additional state aid in  
8 the amount by which the local contributions that would otherwise have  
9 been required under (a) of this section exceed the district's actual  
10 local contributions under (f) of this section.

11 \* Sec. 5. AS 14.17.031 is repealed and reenacted to read:

12 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-  
13 ment shall adopt regulations defining funding communities within each  
14 district which reflect geographic and attendance area factors. For  
15 the purpose of determining instructional units, students are counted  
16 in the district and the funding community from which they receive  
17 educational services. The total number of instructional units in a  
18 school district is the sum of the following units for each funding  
19 community within the district, as determined by the department:

20 (1) the number of units for elementary and secondary stu-  
21 dents determined under AS 14.17.041(a) or (b);

22 (2) the number of units for vocational education determined  
23 under AS 14.17.043;

24 (3) the number of units for special education determined  
25 under AS 14.17.045; and

26 (4) the number of units for bilingual education determined  
27 under AS 14.17.047.

28 (b) For purposes of (a)(1) of this section, in fiscal years  
29 beginning after July 1, 1987, 90 percent of the district's total

1 elementary and secondary instructional units for the preceding fiscal  
2 year is used if that number is greater than the district's total under  
3 (a)(1) of this section for the current fiscal year.

4 \* Sec. 6. AS 14.17.041 is repealed and reenacted to read:

5 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

6 (a) For funding communities that have an average daily membership of  
7 less than 200 in grades K-6 or less than 200 in grades 7-12, combined  
8 elementary and secondary instructional units are determined under the  
9 following table:

| 10 | ADM       | Units               |
|----|-----------|---------------------|
| 11 | 1 - 10    | 2                   |
| 12 | 11 - 20   | 2 + ((ADM-10)/5)    |
| 13 | 21 - 60   | 4 + ((ADM-20)/8)    |
| 14 | 61 - 120  | 9 + ((ADM-60)/12)   |
| 15 | 121 - 525 | 14 + ((ADM-120)/15) |

16 (b) For funding communities that are not included under (a) of  
17 this section,

18 (1) instructional units for elementary students are de-  
19 termined by the formula:

20 units = 15 + ((ADM-200)/17), where ADM is the number of  
21 students in average daily membership in grades kindergarten through 6;

22 (2) instructional units for secondary students are de-  
23 termined by the formula:

24 units = 18 + ((ADM-200)/13), where ADM is the number of  
25 students in average daily membership in grades 7 through 12.

26 (c) Kindergarten students who attend school less than four hours  
27 a day are counted as 0.5 ADM under (a) and (b) of this section.

28 (d) District correspondence or other students who do not regu-  
29 larly attend school on a daily basis are counted in the appropriate

1 grade level of the funding community with the highest ADM in the  
2 district.

3 \* Sec. 7. AS 14.17 is amended by adding new sections to read:

4 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-  
5 tional education instructional units for vocational education courses  
6 approved by the department are calculated as the sum, for all of those  
7 courses in the funding community, of the products obtained by multi-  
8 plying 0.05 by the ADM full-time equivalent of the course, and then by  
9 the cost weighting factor for the course determined under department  
10 regulations. A funding community in which a vocational education  
11 course approved by the department is operated receives a minimum of  
12 0.10 instructional units for vocational education, or each district in  
13 which a vocational education course is operated receives a minimum of  
14 1.00 instructional units, whichever is greater.

15 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An  
16 exceptional child, as defined in AS 14.30.350, who is enrolled in a  
17 special education program, approved by the department, on the last day  
18 of the counting period for which a determination is being made, gener-  
19 ates 0.025 instructional units if the child receives gifted services,  
20 0.056 instructional units if the child receives resource services, 0.1  
21 instructional units if the child receives self-contained services, or  
22 0.333 instructional units if the child receives intensive or hospi-  
23 tal/homebound services, as those categories of service are defined by  
24 the department by regulation, in the funding community in which the  
25 child is served. A child may be counted in one special education  
26 category only.

27 (b) Notwithstanding (a) of this section, in a district that  
28 offers a special education program each funding community receives a  
29 minimum of 0.25 instructional units for special education for each

1 funding community in which a child is served or the district receives  
2 a minimum of 1.00 instructional units for special education, whichever  
3 is greater.

4 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A  
5 student for whom an appropriate bilingual program must be provided  
6 under regulations adopted by the department, and who is enrolled in a  
7 bilingual program, approved by the department, as of the last day of  
8 the counting period for which a determination is being made, gener-  
9 ates, in the funding community in which the student is served, the  
10 number of bilingual education instructional units that is the product  
11 obtained by multiplying 0.042 by the student's language dominance  
12 category weight under department regulations. A funding community in  
13 which a bilingual program approved by the department is operated  
14 receives a minimum of 0.10 instructional units for bilingual educa-  
15 tion, or a district in which a bilingual program is operated receives  
16 a minimum of 1.00 instructional units, whichever is greater.

17 \* Sec. 8. AS 14.17.051 is repealed and reenacted to read:

18 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-  
19 tial for a school district is as follows:

| 20 | School District | Area Cost Differential |
|----|-----------------|------------------------|
| 21 | Adak            | 1.27                   |
| 22 | Alaska Gateway  | 1.19                   |
| 23 | Aleutian Region | 1.31                   |
| 24 | Anchorage       | 1.00                   |
| 25 | Annette Island  | 1.03                   |
| 26 | Bering Strait   | 1.39                   |
| 27 | Bristol Bay     | 1.27                   |
| 28 | Chatham         | 1.03                   |
| 29 | Chugach         | 1.14                   |

|    |                   |      |
|----|-------------------|------|
| 1  | Copper River      | 1.14 |
| 2  | Cordova           | 1.11 |
| 3  | Craig             | 1.03 |
| 4  | Delta/Greely      | 1.16 |
| 5  | Dillingham        | 1.27 |
| 6  | Fairbanks         | 1.04 |
| 7  | Galena            | 1.30 |
| 8  | Haines            | 1.05 |
| 9  | Hoonah            | 1.08 |
| 10 | Hydaburg          | 1.03 |
| 11 | Iditarod          | 1.33 |
| 12 | Juneau            | 1.00 |
| 13 | Kake              | 1.03 |
| 14 | Kashunamiut       | 1.33 |
| 15 | Kenai             | 1.00 |
| 16 | Ketchikan         | 1.00 |
| 17 | King Cove         | 1.27 |
| 18 | Klawock           | 1.03 |
| 19 | Kodiak            | 1.09 |
| 20 | Kuspuk            | 1.33 |
| 21 | Lake & Peninsula  | 1.31 |
| 22 | Lower Kuskokwim   | 1.42 |
| 23 | Lower Yukon       | 1.35 |
| 24 | Matanuska-Susitna | 1.00 |
| 25 | Nenana            | 1.20 |
| 26 | Nome              | 1.34 |
| 27 | North Slope       | 1.45 |
| 28 | Northwest Arctic  | 1.45 |
| 29 | Pelican           | 1.08 |

|    |                  |      |
|----|------------------|------|
| 1  | Petersburg       | 1.00 |
| 2  | Pribilof         | 1.30 |
| 3  | Railbelt         | 1.23 |
| 4  | Sand Point       | 1.27 |
| 5  | Sitka            | 1.00 |
| 6  | Skagway          | 1.05 |
| 7  | Southeast Island | 1.04 |
| 8  | Southwest Region | 1.31 |
| 9  | St. Mary's       | 1.30 |
| 10 | Tanana           | 1.30 |
| 11 | Unalaska         | 1.27 |
| 12 | Valdez           | 1.11 |
| 13 | Wrangell         | 1.00 |
| 14 | Yakutat          | 1.08 |
| 15 | Yukon Flats      | 1.46 |
| 16 | Yukon-Koyukuk    | 1.34 |
| 17 | Yupiit           | 1.41 |

18 \* Sec. 9. AS 14.17.056 is amended to read:

19       Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE.    The [BASE]  
20       instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER  
21       JULY 1, 1986.] is \$60,000 [\$42,184].

22 \* Sec. 10. AS 14.17.080 is repealed and reenacted to read:

23       Sec. 14.17.080. STUDENT COUNT ESTIMATES.   Each district shall  
24       prepare and submit to the department, by October 15 of each fiscal  
25       year, in the manner and on forms prescribed by the department, an  
26       estimate of its average daily membership and other student count data  
27       for the succeeding fiscal year, upon which computations can be made of  
28       the amount of estimated state foundation aid for which the district  
29       will be eligible under AS 14.17.021 in that fiscal year.    In making

1 this estimate, the district shall consider its average daily member-  
2 ship, other student count data, the pattern of growth or decline in  
3 preceding years, and other pertinent information available to the  
4 district. The preliminary reports required by this section are the  
5 basis for estimating the need for state foundation aid for the next  
6 fiscal year.

7 \* Sec. 11. AS 14.17.082 is repealed and reenacted to read:

8 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A  
9 district may not accumulate in a fiscal year an unreserved portion of  
10 its year-end fund balance in its school operating fund, as defined by  
11 department regulations, that is greater than 10 percent of its expen-  
12 ditures for that fiscal year.

13 (b) The department shall review the annual audit of each dis-  
14 trict for the preceding fiscal year to ascertain its year-end operat-  
15 ing fund balance. The amount by which the unreserved portion of that  
16 balance exceeds the amount permitted in (a) of this section shall be  
17 deducted from the state foundation aid that would otherwise be paid to  
18 the district in the current fiscal year.

19 \* Sec. 12. AS 14.17.140 is amended to read:

20 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-  
21 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount  
22 of local effort under AS 14.17.025 and to aid the department and the  
23 legislature in planning. [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC  
24 NEED UNDER AS 14.17.021] the Department of Community and Regional  
25 Affairs, in consultation with the assessor for each district, shall  
26 determine the full value of the taxable real and personal property in  
27 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA  
28 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL  
29 BE HONORED.] If there is no local assessor or current local assess-

1           ment for a district, then the Department of Community and Regional  
2           Affairs shall make the determination of full value from information  
3           available. In making the determination, the Department of Community  
4           and Regional Affairs shall be guided by AS 29.45.110. The determina-  
5           tion of full value shall be made by [BEFORE] October 1 and sent by  
6           certified mail, return receipt requested, on or before that date to  
7           the president of the school board in each district. Duplicate copies  
8           shall be sent to the commissioner. The governing body of a [THE]  
9           borough or city that [WHICH] is a school [THE] district may obtain  
10          judicial review of the determination. The superior court may modify  
11          the determination of the Department of Community and Regional Affairs  
12          only upon a finding of abuse of [OR] discretion or upon a finding that  
13          there is no substantial evidence to support the determination.

14                 (b) Motor vehicles subject to the motor vehicle registration tax  
15                 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property  
16                 under [FOR PURPOSES OF (a) OF] this section.

17          \* Sec. 13. AS 14.17.160 is repealed and reenacted to read:

18                 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks  
19                 after the end of the 20-school-day period ending the fourth Friday in  
20                 October, each district shall transmit a report to the department that,  
21                 under regulations adopted by the department, reports its average daily  
22                 membership for that counting period, and other student count informa-  
23                 tion that will aid the department in making a determination of its  
24                 state foundation aid. If it makes the district eligible for more  
25                 state foundation aid, a district may transmit, within two weeks after  
26                 the 20-school-day period ending the second Friday in February, a  
27                 similar report for that counting period. For centralized correspon-  
28                 dence study, the October report shall be based on the period from  
29                 July 1 through the fourth Friday in October, except that summer school

1 students shall be counted as a proportionate fraction as determined by  
2 the department. The department may make necessary corrections in the  
3 report submitted, and shall notify the district of changes made. The  
4 commissioner shall notify the governor of additional appropriations  
5 the commissioner estimates to be necessary to fully fund the public  
6 school foundation program for the current fiscal year.

7 (b) Upon written request and for good cause shown, the commis-  
8 sioner may permit a district to use a 20-school-day counting period  
9 other than the periods set out in (a) of this section. However, the  
10 counting period must be 20 consecutive school days.

11 \* Sec. 14. AS 14.17.170 is repealed and reenacted to read:

12 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The  
13 department shall determine the state foundation aid for each school  
14 district in a fiscal year on the basis of the district's data reported  
15 under AS 14.17.160 for the counting period that makes the district  
16 eligible for the greatest number of instructional units. On or before  
17 the 15th day of each of the first nine months of each fiscal year,  
18 1/12 of each district's state foundation aid shall be distributed on  
19 the basis of the data reported for the preceding fiscal year. On or  
20 before the 15th day of each of the last three months of each fiscal  
21 year, 1/3 of the balance of each district's state foundation aid shall  
22 be distributed, after the balance has been recomputed on the basis of  
23 student count and other data reported for the current fiscal year.

24 (b) If a district receives more state aid money than it is  
25 entitled to receive under this chapter, it shall immediately remit the  
26 amount of overpayment to the commissioner, to be returned to the  
27 public school foundation account. Upon an adequate showing of a cash  
28 flow shortfall, and in the discretion of the commissioner, the depart-  
29 ment may make advance payments to a school district. The total of

1 advance payments may not exceed the amount of state foundation aid for  
2 which the district is eligible for the fiscal year.

3 \* Sec. 15. AS 14.17.190(b) is amended to read:

4 (b) Each district shall maintain complete financial records of  
5 the receipt and disbursement of public school foundation money, [AND]  
6 money acquired from local effort, and other money received by the  
7 district. The records must be in the form required by the department  
8 [COMMISSIONER] and are subject to audit by the department [COMMIS-  
9 SIONER OR THE BOARD] at any time.

10 \* Sec. 16. AS 14.17.220 is amended to read:

11 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-  
12 ture, in enacting this public school foundation program, to assure an  
13 equitable [ADEQUATE] level of educational opportunities for those in  
14 attendance in the public schools of the state. Except for the limita-  
15 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-  
16 preted as preventing a public school district from providing educa-  
17 tional services and facilities beyond those assured by the foundation  
18 program.

19 \* Sec. 17. AS 14.17.225 is repealed and reenacted to read:

20 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)  
21 This chapter does not create a debt of the state. Each district shall  
22 establish, maintain, and operate under a balanced budget. The state  
23 is not responsible for the debts of a school district.

24 (b) Money to carry out the provisions of AS 14.17.010 - 14.-  
25 17.190 may be appropriated annually by the legislature into the public  
26 school foundation account. If amounts in the account are insufficient  
27 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for  
28 a fiscal year, each district's basic need shall be reduced pro rata as  
29 necessary to make the funds available sufficient to meet the alloca-

1 tions for that fiscal year.

2 \* Sec. 18. AS 14.17.250(1) is amended to read:

3 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]  
4 aggregate class periods of pupil membership [PER DAY] in specified  
5 classes for the student counting period for which a determination is  
6 being made, divided by the total number of all class periods in the  
7 student counting period [SCHOOL DAY];

8 \* Sec. 19. AS 14.17.250(2) is amended to read:

9 (2) "average daily membership" or "ADM" means the aggregate  
10 days of membership of pupils divided by the actual number of days in  
11 session for the counting period for which a determination is being  
12 made [SCHOOL TERM];

13 \* Sec. 20. AS 14.17.250(11) is amended to read:

14 (11) "taxable real and personal property" means all real and  
15 personal property taxable under the laws of the state [, BUT DOES NOT  
16 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

17 \* Sec. 21. AS 14.17.250 is amended by adding new paragraphs to read:

18 (13) "eligible federal impact aid" for a fiscal year means  
19 the amount of federal aid received by the district as of March 1 of  
20 the fiscal year as payment for its entitlement for the application  
21 submitted during the preceding fiscal year, including advance  
22 payments, and adjustments received since March 1 of the preceding  
23 fiscal year from prior year applications, under secs. 2, 3, and 4 of  
24 P.L. 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments  
25 received under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)-  
26 (ii)), to the extent the state may consider that aid as local  
27 resources under that Act and the regulations adopted under it;

28 (14) "local contributions" means appropriations to the  
29 school operating fund by the city or borough, interest earnings that a

1 district is allowed to keep and spend on school operations, state  
2 tuition payments, the value of in-kind services performed by the city  
3 or borough, and 10 percent of the district's eligible federal impact  
4 aid.

5 \* Sec. 22. AS 14.25.070 is amended to read:

6 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
7 contribute to the retirement fund an amount equal to [ONE-HALF] the  
8 percentage, as certified by the administrator, of the sum total of the  
9 base salaries of all teachers that is required in addition to teacher  
10 contributions to provide the benefits of this chapter times the sum  
11 total of the base salaries paid to teachers by the employer.

12 \* Sec. 23. AS 14.36.030 is amended by adding a new subsection to read:

13 (d) If appropriations in a fiscal year are insufficient to fund  
14 the grants authorized under (a) of this section, the department shall  
15 award the grants to eligible districts on a pro rata basis.

16 \* Sec. 24. TRANSITION. (a) For the purpose of calculating the re-  
17 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,  
18 and for the purpose of (d)(2) of this section, each district's basic need  
19 for the preceding fiscal year is as determined by the department based on  
20 its projections of student count data for fiscal year 1988 and the allow-  
21 able instructional units and instructional unit value as contained in this  
22 Act.

23 (b) In fiscal years 1988, 1989, and 1990, a district may receive  
24 state aid, in addition to its state foundation aid under AS 14.17.021(a),  
25 in the lesser amount of

- 26 (1)  $(p \times \text{sum87} \times \text{current ADM/ADM87})$  - current need; or  
27 (2)  $(p \times \text{state87} \times \text{current ADM/ADM87})$  - current state.

28 (c) In (b) of this section

29 (1) "ADM87" means the average daily membership of the district

1 in the student counting period used for funding for fiscal year 1987;

2 (2) "current ADM" means the average daily membership of the  
3 district in the student counting period used for funding for the current  
4 fiscal year;

5 (3) "current need" means the basic need of the district under  
6 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal  
7 year;

8 (4) "current state" means the state foundation aid to the dis-  
9 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the  
10 current fiscal year;

11 (5) "p" means the transition percentage, which is 90 percent in  
12 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal  
13 year 1990;

14 (6) "state87" means the state aid received by the district for  
15 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

16 (7) "sum87" means the sum of

17 (A) state aid received by the district under AS 14.17.021,  
18 as it read before July 1, 1987, for fiscal year 1987;

19 (B) 90 percent of that portion of the federal impact aid  
20 received by the district from the application submitted in fiscal year  
21 1986 under secs. 2 - 4 of P.L. 81-874 (20 U.S.C. 237 - 239), as amend-  
22 ed, to the extent that that money could be considered as local re-  
23 sources under that Act and the regulations adopted under it; and

24 (C) for city or borough school districts, the total of

25 (i) the district's revenue from earnings in the dis-  
26 trict's operating fund in fiscal year 1987;

27 (ii) state tuition payments to the district in fiscal  
28 year 1987; and

29 (iii) city or borough appropriations or in-kind contri-

1                   butions for fiscal year 1987.

2           (d) The amount determined under (c)(7)(C) of this section may not  
3 exceed the lesser of

4                   (1) the equivalent of a four-mill tax levy on the full and true  
5 value of taxable real and personal property in the district as of January  
6 1, 1986, as determined by the Department of Community and Regional Affairs  
7 under AS 14.17.170; or

8                   (2) 35 percent of the district's basic need as determined under  
9 (a) of this section.

10           (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts  
11 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,  
12 between March 1, 1987, and July 1, 1987, based upon applications submitted  
13 before or during fiscal year 1986 may not be subtracted from the district's  
14 basic need under AS 14.17.021(b).

15       \* Sec. 25. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,  
16 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), 14.-  
17 17.250(12); and AS 14.25.080 are repealed.

18       \* Sec. 26. Sections 4 and 24 of this Act take effect immediately under  
19 AS 01.10.070(c).

20       \* Sec. 27. Sections 1 - 3, 5 - 23, and 25 of this Act take effect July  
21 1, 1987.

HB 126

Original sponsor: Rules/Governor

1 IN THE SENATE  
2 CS FOR SENATE BILL NO. 119 (HESS)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the public school foundation  
7 program; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 14.17.010 is amended to read:  
10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The  
11 public school foundation account is established. The account consists  
12 of appropriations for distribution to districts and [OR] for central-  
13 ized correspondence study programs under this chapter.  
14 (b) The money of the account may be used only in aid of public  
15 schools, including community school programs, and [OR] for centralized  
16 correspondence study programs as provided by this chapter.  
17 \* Sec. 2. AS 14.17.021 is repealed and reenacted to read:  
18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state  
19 foundation aid for which a school district may qualify in a fiscal  
20 year is calculated by subtracting from the basic need defined in (b)  
21 of this section the required local effort under AS 14.17.025(a) and  
22 90 percent of the amount of federal aid received by the district as of  
23 March 1 of that fiscal year as payment for its entitlement for the  
24 application submitted during the preceding fiscal year, including  
25 advance payments and adjustments received since March 1 of the preced-  
26 ing fiscal year from prior year applications, under secs. 2, 3, and 4  
27 of P.L. 81-874 (20 U.S.C. 237 - 239), as amended, to the extent per-  
28 mitted by that Act and regulations adopted under it.  
29 (b) The basic need of a school district is determined by

HB

127

# HOUSE COMMITTEE REPORT

(11)

Date referred: 2/11/87

FURTHER REFERRALS:

DATE: 4-16-87

The Finance Committee has considered HB 127

"An Act making supplemental appropriations, a transfer of an allocation, and reductions in the FY 87 operating budget; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 127 (FIN)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  Finance letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Albert P. Adams  
Mark Dwyer  
Pat Lamm  
Peter J. Fox  
Ray Weller  
Charles  
Richard L. Linn  
Tam Brown  
Mike Dun

**SIGNING OTHER RECOMMENDATIONS:**

Albert P. Adams  
Mark No Rec.

Albert P. Adams  
Chairman's signature



Official Business

# Alaska State Legislature

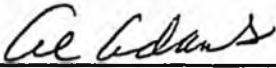
## HOUSE OF REPRESENTATIVES

### *Committee on Finance*

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
CS HB 127 (FINANCE)

Section 26 of this Act provides for the appropriation of \$657,600 for the settlement entered into between Cook Inlet Region, Inc. and the state. This appropriation raises several concerns regarding the commitment of state funds to satisfy legal actions against the state by an entity other than the Attorney General's office. It is the intent of the Legislature that in any future settlements of legal actions the Attorney General's office be fully involved prior to any agreement and that a full review of the legal issues be considered prior to agreeing to an out of court settlement.

  
\_\_\_\_\_  
Rep. Al Adams, Chair  
House Finance Committee

Original sponsor: Rules/Governor

Funding Information

|              |                     |
|--------------|---------------------|
| General Fund | \$14,572,000        |
| Other Funds  | 7,576,100           |
|              | <u>\$22,148,100</u> |

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 127 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations for fiscal  
7 year 1987 and prior fiscal years; and providing for  
8 an effective date."

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

10 \* Section 1. The sum of \$249,357 is appropriated from the general fund  
11 to the Department of Revenue to pay claims for political campaign contribu-  
12 tion credits payable under AS 43.20.013 that were filed on or before  
13 June 30, 1986.

14 \* Sec. 2. The sum of \$225,936 is appropriated from the general fund to  
15 the Department of Revenue to pay claims for household and dependent care  
16 credits (child care credits) payable under AS 43.20.013 that were filed on  
17 or before June 30, 1986.

18 \* Sec. 3. The sum of \$50,000 is appropriated from the general fund to  
19 the Department of Revenue to compensate fish and game license vendors as  
20 required under AS 16.05.390.

21 \* Sec. 4. The sum of \$37,045 is appropriated from the general fund to  
22 the Department of Revenue to pay the additional fiscal year 1986 sharing  
23 required for the electric and telephone cooperative tax under AS 10.25.570.

24 \* Sec. 5. The sum of \$212,000 is appropriated from the general fund to  
25 the Department of Administration, longevity bonus program, for increased  
26 longevity bonus participation.

27 \* Sec. 6. The sum of \$177,900 is appropriated from the general fund to  
28 the Department of Administration, public defender program, for retrial  
29 expenses of the John Peel case.

1 \* Sec. 7. The sum of \$305,800 is appropriated from the general fund to  
2 the Department of Administration, Office of Public Advocacy, for costs  
3 associated with increased caseload.

4 \* Sec. 8. The sum of \$88,600 is appropriated from the general fund to  
5 the Department of Administration, retirement and benefits program, for  
6 costs associated with increased participation in the elected public offi-  
7 cers retirement system.

8 \* Sec. 9. The sum of \$177,630 is appropriated from the general fund to  
9 the following agencies to pay miscellaneous claims and stale dated war-  
10 rants:

|    |                                  |          |
|----|----------------------------------|----------|
| 11 | Office of the Governor           | \$ 4,072 |
| 12 | Department of Administration     | 53,563   |
| 13 | Department of Commerce and       |          |
| 14 | Economic Development             | 5,540    |
| 15 | Department of Military and       |          |
| 16 | Veterans' Affairs                | 2,945    |
| 17 | Department of Corrections        | 20,141   |
| 18 | Department of Education          | 15,805   |
| 19 | Department of Health and         |          |
| 20 | Social Services                  | 19,023   |
| 21 | Department of Public Safety      | 907      |
| 22 | Department of Transportation and |          |
| 23 | Public Facilities                | 42,420   |
| 24 | Department of Fish and Game      | 13,214   |

25 \* Sec. 10. The sum of \$1,141,600 is appropriated from the general fund  
26 to the Department of Transportation and Public Facilities, Alaska Marine  
27 Highway System, for the purpose of paying risk management costs.

28 \* Sec. 11. The sum of \$1,778,000 is appropriated to the Department of  
29 Health and Social Services to pay for costs associated with increased

1 caseloads in the aid to families with dependent children program, from the  
2 following sources:

|   |                           |           |
|---|---------------------------|-----------|
| 3 | Federal Receipts          | \$806,600 |
| 4 | General Fund Match        | 439,000   |
| 5 | Interagency Receipts      | 82,400    |
| 6 | Child Support Enforcement |           |
| 7 | Agency Receipts           | 450,000   |

8 \* Sec. 12. The sum of \$511,400 is appropriated from the general fund to  
9 the Department of Health and Social Services, adult public assistance  
10 component, to pay for costs associated with increased caseloads in the aid  
11 to disabled and the old age assistance programs.

12 \* Sec. 13. The sum of \$675,500 is appropriated from the general fund to  
13 the Department of Health and Social Services to pay for costs associated  
14 with increased caseloads in the general relief assistance program.

15 \* Sec. 14. The sum of \$231,600 is appropriated from the general fund to  
16 the Department of Health and Social Services to pay for the increased  
17 number of court-ordered autopsies in the post-mortem examination program.

18 \* Sec. 15. The sum of \$178,000 is appropriated from the general fund to  
19 the Department of Health and Social Services to pay for the shortfall of  
20 third party and other federal receipts due to the lower patient count at  
21 the Alaska Psychiatric Institute.

22 \* Sec. 16. The sum of \$347,500 is appropriated from the general fund to  
23 the Department of Health and Social Services for personal services and  
24 medical costs associated with the operation of McLaughlin Youth Center.

25 \* Sec. 17. The sum of \$306,900 is appropriated from the general fund to  
26 the Department of Health and Social Services to pay for increased personal  
27 services and support costs associated with on-going program operations and  
28 opening the new wing at Fairbanks Youth Facility.

29 \* Sec. 18. The sum of \$90,000 is appropriated from the general fund to

1 the Department of Health and Social Services to pay for community placement  
2 in adult residential care programs for the chronically mentally ill.

3 \* Sec. 19. (a) The sum of \$5,896,400 is appropriated from the Railbelt  
4 energy fund (AS 37.05.153) to the Alaska Power Authority for the settlement  
5 agreement entered into between Harrison Western Corporation, d/b/a Susitna  
6 Constructors, and the Alaska Power Authority based upon changes and in-  
7 creased costs associated with construction of the Anchorage-Fairbanks  
8 intertie.

9 (b) All money awarded to and received by the state from the settle-  
10 ment or other conclusion of litigation arising out of the design and con-  
11 struction of the Anchorage-Fairbanks intertie, not to exceed \$5,896,400, is  
12 appropriated from the general fund to the Railbelt energy fund (AS 37.05.-  
13 153).

14 \* Sec. 20. The sum of \$90,000 is appropriated from the general fund to  
15 the Department of Commerce and Economic Development, Office of Internation-  
16 al Trade, to offset foreign office shortfalls arising from exchange rate  
17 fluctuations.

18 \* Sec. 21. The sum of \$239,000 is appropriated from the general fund to  
19 the Department of Commerce and Economic Development for payments under the  
20 fisheries enhancement tax receipt program.

21 \* Sec. 22. The sum of \$150,000 is appropriated from the general fund to  
22 the Department of Law for costs associated with Weiss v. State.

23 \* Sec. 23. The sum of \$126,000 is appropriated from the general fund to  
24 the Department of Law to pay judgments and claims against the state.

25 \* Sec. 24. The sum of \$200,000 is appropriated from the general fund to  
26 the Department of Law for the North Slope Borough investigations.

27 \* Sec. 25. The sum of \$3,256,800 is appropriated from the general fund  
28 to the Department of Natural Resources to pay for costs incurred in fire  
29 suppression efforts during fiscal year 1987.

1 \* Sec. 26. The sum of \$657,600 is appropriated from the general fund to  
2 the Department of Natural Resources for the settlement agreement entered  
3 into on July 14, 1986, between the state and Cook Inlet Region, Inc.  
4 (CIRI), concerning rehabilitation of certain CIRI land.

5 \* Sec. 27. The sum of \$95,000 is appropriated from program receipts in  
6 the general fund (user fees) to the Department of Natural Resources for the  
7 operation of recorders' offices for the fiscal year ending June 30, 1987.

8 \* Sec. 28. The sum of \$1,124,000 is appropriated from the general fund  
9 to the Department of Corrections to cover higher than anticipated major  
10 medical costs for prisoners.

11 \* Sec. 29. The sum of \$245,700 is appropriated from program receipts in  
12 the general fund (care and treatment funds) to the Department of Correc-  
13 tions, statewide programs, to pay additional costs of care for community  
14 residential and restitution centers.

15 \* Sec. 30. The sum of \$32,900 is appropriated from the general fund to  
16 the Department of Military and Veterans' Affairs for the flood control  
17 program for the fiscal year ending June 30, 1987.

18 \* Sec. 31. The sum of \$81,800 is appropriated from the general fund to  
19 the Office of the Governor for payment to the contingency fund.

20 \* Sec. 32. The sum of \$2,500,000 is appropriated from the general fund  
21 to the Department of Education to reimburse the pupil transportation pro-  
22 gram for transfers made to the tuition students (\$2,300,000) and handi-  
23 capped students (\$200,000) programs for the fiscal year ending June 30,  
24 1987.

25 \* Sec. 33. The sum of \$318,250 is appropriated from the general fund to  
26 the Department of Education for payments under AS 14.17 for the multi-  
27 handicapped programs for the fiscal year ending June 30, 1987.

28 \* Sec. 34. The sum of \$350,000 is appropriated from the general fund to  
29 the Department of Education for settlement of a December 3, 1986, federal

1 administrative appeal brought by the Southwest Region School District for  
2 fiscal year 1987.

3 \* Sec. 35. This Act takes effect immediately under AS 01.10.070(c).  
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Original sponsor: Rules/Governor

Funding Information

General Fund \$  
Other Funds \_\_\_\_\_  
\$

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 127 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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|    |                                  |          |
|----|----------------------------------|----------|
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| 12 | Department of Administration     | 52,290   |
| 13 | Department of Commerce and       |          |
| 14 | Economic Development             | 5,540    |
| 15 | Department of Military and       |          |
| 16 | Veterans' Affairs                | 2,945    |
| 17 | Department of Corrections        | 19,601   |
| 18 | Department of Education          | 15,805   |
| 19 | Department of Health and         |          |
| 20 | Social Services                  | 19,023   |
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# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## OFFICE OF THE GOVERNOR

POUCH AM  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3568

### OFFICE OF MANAGEMENT AND BUDGET

April 15, 1987

The Honorable Al Adams  
Chairman, House Finance Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Subject: CSHB 127(Fin) - Supplemental Appropriations

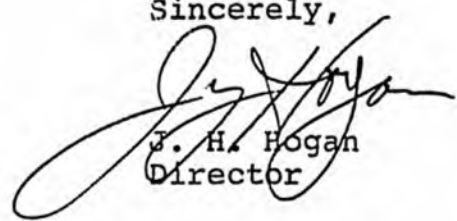
Dear Representative Adams:

We have received the following miscellaneous claims totaling \$4847 to be added to Section 9 of the subject bill. The revised amounts for the affected departments are as follows:

|                         | <u>Original<br/>Amount</u> | <u>Revised<br/>Amount</u> |
|-------------------------|----------------------------|---------------------------|
| Dept. of Administration | [52,290]                   | <u>53,563</u>             |
| Dept. of Corrections    | [19,601]                   | <u>20,141</u>             |
| Dept. of Fish & Game    | [10,180]                   | <u>13,214</u>             |

Enclosed is the backup to support the claims.

Sincerely,



J. H. Hogan  
Director

Enclosures

FY 87 SUPPLEMENTALS--ALL FUNDS (THOUSANDS)

| SEC. | DEPARTMENT           | DESCRIPTION                  | GENERAL FUNDS | OTHER FUNDS | TOTAL FUNDS |
|------|----------------------|------------------------------|---------------|-------------|-------------|
| 1.0  | REVENUE              | POLITICAL CAMPAIGN CREDITS   | 249.4         |             | 249.4       |
| 2.0  | REVENUE              | CHILD CARE CREDITS           | 225.9         |             | 225.9       |
| 3.0  | REVENUE              | FISH/GAME LICENSE VENDORS    | 50.0          |             | 50.0        |
| 4.0  | REVENUE              | ELECTRIC/TELEPHONE COOP TAX  | 37.0          |             | 37.0        |
| 5.0  | ADMINISTRATION       | LONGEVITY BONUS PAYMENTS     | 212.0         |             | 212.0       |
| 6.0  | ADMINISTRATION       | PUBLIC DEFENDER/PEEL CASE    | 177.9         |             | 177.9       |
| 7.0  | ADMINISTRATION       | PUBLIC ADVOCATES CASELOAD    | 305.8         |             | 305.8       |
| 8.0  | ADMINISTRATION       | RETIREMENTS SYTSTEM (EPORS)  | 88.6          |             | 88.6        |
| 9.0  | GOVERNOR'S OFFICE    | MISC. CLAIMS/STALE WARRANTS  | 4.1           |             | 4.1         |
| 9.1  | ADMINISTRATION       | MISC. CLAIMS/STALE WARRANTS  | 52.3          |             | 52.3        |
| 9.2  | COMMERCE             | MISC. CLAIMS/STALE WARRANTS  | 5.5           |             | 5.5         |
| 9.3  | MILITARY/VET AFFAIRS | MISC. CLAIMS/STALE WARRANTS  | 2.9           |             | 2.9         |
| 9.4  | CORRECTIONS          | MISC. CLAIMS/STALE WARRANTS  | 19.6          |             | 19.6        |
| 9.5  | EDUCATION            | MISC. CLAIMS/STALE WARRANTS  | 15.8          |             | 15.8        |
| 9.6  | HEALTH/SOCIAL SVCS   | MISC. CLAIMS/STALE WARRANTS  | 19.0          |             | 19.0        |
| 9.7  | PUBLIC SAFETY        | MISC. CLAIMS/STALE WARRANTS  | 0.9           |             | 0.9         |
| 9.8  | TRANSPORTATION       | MISC. CLAIMS/STALE WARRANTS  | 42.4          |             | 42.4        |
| 9.9  | FISH & GAME          | MISC. CLAIMS/STALE WARRANTS  | 10.2          |             | 10.2        |
| 10.0 | TRANSPORTATION       | MARINE HWYS RISK MGT COSTS   | 1,141.6       |             | 1,141.6     |
| 11.0 | HEALTH/SOCIAL SVCS   | AFDC CASELOADS               | 439.0         | 1,339.0     | 1,778.0     |
| 12.0 | HEALTH/SOCIAL SVCS   | DISABLED/OLD AGE ASSISTANCE  | 511.4         |             | 511.4       |
| 13.0 | HEALTH/SOCIAL SVCS   | GENERAL RELIEF ASSISTANCE    | 675.5         |             | 675.5       |
| 14.0 | HEALTH/SOCIAL SVCS   | POST MORTEM EXAMINATIONS     | 231.6         |             | 231.6       |
| 15.0 | HEALTH/SOCIAL SVCS   | ALASKA PSYCHIATRIC INSTITUTE | 178.0         |             | 178.0       |
| 16.0 | HEALTH/SOCIAL SVCS   | MCLAUGHLIN YOUTH CENTER      | 347.5         |             | 347.5       |
| 17.0 | HEALTH/SOCIAL SVCS   | FAIRBANKS YOUTH FACILITY     | 306.9         |             | 306.9       |

CS HB 127 (FIN)

FY 87 SUPPLEMENTALS--ALL FUNDS (THOUSANDS)

| SEC.          | DEPARTMENT           | DESCRIPTION                    | GENERAL FUNDS   | OTHER FUNDS    | TOTAL FUNDS     |
|---------------|----------------------|--------------------------------|-----------------|----------------|-----------------|
| 18.0          | HEALTH/SOCIAL SVCS   | RESIDENTIAL CARE CMI           | 90.0            |                | 90.0            |
| 19.0          | COMMERCE             | APA-ANCH/FAI INTERTIE          | 0.0             | 5,896.4        | 5,896.4         |
| 20.0          | COMMERCE             | INT'L TRADE FOREIGN EXCH RATES | 90.0            |                | 90.0            |
| 21.0          | COMMERCE             | FISH ENHANCEMENT TAX RCTS      | 239.0           |                | 239.0           |
| 22.0          | LAW                  | WEISS V. STATE                 | 150.0           |                | 150.0           |
| 23.0          | LAW                  | MISC. JDGMNTS AGAINST STATE    | 126.0           |                | 126.0           |
| 24.0          | LAW                  | N. SLOPE BOROUGH INVESTIGATE   | 200.0           |                | 200.0           |
| 25.0          | NATURAL RESOURCES    | FIRE SUPPRESSION FUNDS         | 3,256.8         |                | 3,256.8         |
| 26.0          | NATURAL RESOURCES    | CIRI LAND REHAB SETTLEMENT     | 657.6           |                | 657.6           |
| 27.0          | NATURAL RESOURCES    | RECORDERS OFFICE OPERATIONS    |                 | 95.0           | 95.0            |
| 28.0          | CORRECTIONS          | MAJOR MEDICAL COSTS            | 1,124.0         |                | 1,124.0         |
| 29.0          | CORRECTIONS          | RESIDENTIAL/RESTITUTION CTRS   |                 | 245.7          | 245.7           |
| 30.0          | MILITARY/VET AFFAIRS | FLOOD CONTROL PROGRAM          | 32.9            |                | 32.9            |
| 31.0          | GOVERNOR'S OFFICE    | CONTINGENCY FUND               | 81.8            |                | 81.8            |
| 32.0          | EDUCATION            | PUPIL TRANSPORTATION           | 2,500.0         |                | 2,500.0         |
| 33.0          | EDUCATION            | MULTI-HANDICAPPED PGRM         | 318.3           |                | 318.3           |
| 34.0          | EDUCATION            | SW REGION SD SETTLEMENT        | 350.0           |                | 350.0           |
| <b>Total:</b> |                      |                                | <b>14,567.2</b> | <b>7,576.1</b> | <b>22,143.3</b> |

FY 87 SUPPLEMENTALS --GF ONLY (THOUSANDS)

| DEPARTMENT     | SEC.<br>(AMEND) | SEC.<br>(ORIG) | DESCRIPTION                      | GF<br>AMEND    | GF<br>ORIG     | GF AMEND<br>- GF ORIG |
|----------------|-----------------|----------------|----------------------------------|----------------|----------------|-----------------------|
| ADMINISTRATION | 5.0             | 9.0            | LONGEVITY BONUS PAYMENTS         | 212.0          | 212.0          | 0.0                   |
|                | 6.0             | 10.0           | PUBLIC DEFENDER/PEEL CASE        | 177.9          | 177.9          | 0.0                   |
|                | 7.0             | 11.0           | PUBLIC ADVOCATES CASELOAD        | 305.8          | 855.2          | -549.4                |
|                | 8.0             | 12.0           | RETIREMENTS SYTSTEM (EPORS)      | 88.6           | 88.6           | 0.0                   |
|                | 9.1             |                | MISC. CLAIMS/STALE WARRANTS      | 52.3           |                | 52.3                  |
|                |                 |                | <b>Total for ADMINISTRATION:</b> | <b>836.6</b>   | <b>1,333.7</b> | <b>-497.1</b>         |
| COMMERCE       |                 | 23.0           | REAL ESTATE COMM OPERATIONS      | 0.0            | 39.7           | -39.7                 |
|                | 9.2             | 13.1           | MISC. CLAIMS/STALE WARRANTS      | 5.5            | 5.5            | 0.0                   |
|                | 19.0            | 24.0           | APA-ANCH/FAI INTERTIE            | 0.0            | 5,896.4        | -5,896.4              |
|                | 20.0            | 25.0           | INT'L TRADE FOREIGN EXCH RATES   | 90.0           | 90.0           | 0.0                   |
|                | 21.0            | 26.0           | FISH ENHANCEMENT TAX RCTS        | 239.0          | 239.0          | 0.0                   |
|                |                 |                | <b>Total for COMMERCE:</b>       | <b>334.5</b>   | <b>6,270.6</b> | <b>-5,936.1</b>       |
| CORRECTIONS    | 9.4             | 13.3           | MISC. CLAIMS/STALE WARRANTS      | 19.6           | 19.6           | 0.0                   |
|                | 28.0            |                | MAJOR MEDICAL COSTS              | 1,124.0        |                | 1,124.0               |
|                | 29.0            |                | RESIDENTIAL/RESTITUTION CTRS     |                |                | 0.0                   |
|                |                 |                | <b>Total for CORRECTIONS:</b>    | <b>1,143.6</b> | <b>19.6</b>    | <b>1,124.0</b>        |
| EDUCATION      | 9.5             |                | MISC. CLAIMS/STALE WARRANTS      | 15.8           |                | 15.8                  |
|                | 32.0            |                | PUPIL TRANSPORTATION             | 2,500.0        |                | 2,500.0               |
|                | 33.0            |                | MULTI-HANDICAPPED PGRM           | 318.3          |                | 318.3                 |
|                | 34.0            |                | SW REGION SD SETTLEMENT          | 350.0          |                | 350.0                 |
|                |                 |                | <b>Total for EDUCATION:</b>      | <b>3,184.1</b> | <b>0.0</b>     | <b>3,184.1</b>        |

FY 87 SUPPLEMENTALS --GF ONLY (THOUSANDS)

| DEPARTMENT         | SEC.<br>(AMEND) | SEC.<br>(ORIG) | DESCRIPTION                          | GF<br>AMEND    | GF<br>ORIG     | GF AMEND<br>- GF ORIG |
|--------------------|-----------------|----------------|--------------------------------------|----------------|----------------|-----------------------|
| FISH & GAME        | 9.9             | 13.6           | MISC. CLAIMS/STALE WARRANTS          | 10.2           | 6.8            | 3.4                   |
|                    |                 |                | <b>Total for FISH &amp; GAME:</b>    | <b>10.2</b>    | <b>6.8</b>     | <b>3.4</b>            |
| GOVERNOR'S OFFICE  |                 | 1.0            | GOVERNOR SECURITY                    | 0.0            | 45.5           | -45.5                 |
|                    |                 | 2.0            | TRANSITION EXPENSES                  | 0.0            | 106.8          | -106.8                |
|                    | 9.0             | 13.0           | MISC. CLAIMS/STALE WARRANTS          | 4.1            | 4.1            | 0.0                   |
|                    | 31.0            |                | CONTINGENCY FUND                     | 81.8           |                | 81.8                  |
|                    |                 |                | <b>Total for GOVERNOR'S OFFICE:</b>  | <b>85.9</b>    | <b>156.4</b>   | <b>-70.5</b>          |
| HEALTH/SOCIAL SVCS |                 | 19.0           | MEDICAID-LONGEVITY BONUS HH          | 0.0            | 502.2          | -502.2                |
|                    | 9.6             | 13.4           | MISC. CLAIMS/STALE WARRANTS          | 19.0           | 50.0           | -31.0                 |
|                    | 11.0            | 15.0           | AFDC CASELOADS                       | 439.0          | 889.0          | -450.0                |
|                    | 12.0            | 16.0           | DISABLED/OLD AGE ASSISTANCE          | 511.4          | 511.4          | 0.0                   |
|                    | 13.0            | 17.0           | GENERAL RELIEF ASSISTANCE            | 675.5          | 375.5          | 300.0                 |
|                    | 14.0            | 18.0           | POST MORTEM EXAMINATIONS             | 231.6          | 231.6          | 0.0                   |
|                    | 15.0            | 20.0           | ALASKA PSYCHIATRIC INSTITUTE         | 178.0          | 550.0          | -372.0                |
|                    | 16.0            | 21.0           | MCLAUGHLIN YOUTH CENTER              | 347.5          | 347.5          | 0.0                   |
|                    | 17.0            | 22.0           | FAIRBANKS YOUTH FACILITY             | 306.9          | 356.9          | -50.0                 |
|                    | 18.0            |                | RESIDENTIAL CARE CMI                 | 90.0           |                | 90.0                  |
|                    |                 |                | <b>Total for HEALTH/SOCIAL SVCS:</b> | <b>2,798.9</b> | <b>3,814.1</b> | <b>-1,015.2</b>       |
| LAW                | 22.0            | 27.0           | WEISS V. STATE                       | 150.0          | 150.0          | 0.0                   |
|                    | 23.0            | 28.0           | MISC. JDGMNTS AGAINST STATE          | 126.0          | 98.0           | 28.0                  |
|                    | 24.0            | 29.0           | N. SLOPE BOROUGH INVESTIGATE         | 200.0          | 200.0          | 0.0                   |
|                    |                 |                | <b>Total for LAW:</b>                | <b>476.0</b>   | <b>448.0</b>   | <b>28.0</b>           |

CS HB 127 (FIN) VS. HB 127

FY 87 SUPPLEMENTALS --GF ONLY (THOUSANDS)

| DEPARTMENT           | SEC.<br>(AMEND) | SEC.<br>(ORIG)                      | DESCRIPTION                            | GF<br>AMEND    | GF<br>ORIG   | GF AMEND<br>- GF ORIG |
|----------------------|-----------------|-------------------------------------|--|----------------|--------------|-----------------------|
| MILITARY/VET AFFAIRS | 9.3             | 13.2                                | MISC. CLAIMS/STALE WARRANTS            | 2.9            | 2.9          | 0.0                   |
|                      | 30.0            |                                     | FLOOD CONTROL PROGRAM                  | 32.9           |              | 32.9                  |
|                      |                 |                                     | <b>Total for MILITARY/VET AFFAIRS:</b> | <b>35.8</b>    | <b>2.9</b>   | <b>32.9</b>           |
| NATURAL RESOURCES    |                 | 8.0                                 | PARKS MANAGEMENT                       |                | -100.0       | 100.0                 |
|                      |                 | 8.1                                 | KOOTZNOOWOOD HERITAGE GRANT            |                | 100.0        | -100.0                |
|                      |                 | 31.0                                | COMPUTERIZE RECORDERS OFFICE           |                | -136.8       | 136.8                 |
|                      |                 | 31.1                                | CLOSE RURAL RECORDERS OFFICE           |                | 136.8        | -136.8                |
|                      | 25.0            | 7.0                                 | FIRE SUPPRESSION FUNDS                 | 3,256.8        | 3,256.8      | 0.0                   |
|                      | 26.0            | 30.0                                | CIRI LAND REHAB SETTLEMENT             | 657.6          | 657.6        | 0.0                   |
|                      | 27.0            |                                     | RECORDERS OFFICE OPERATIONS            |                |              | 0.0                   |
|                      |                 | <b>Total for NATURAL RESOURCES:</b> | <b>3,914.4</b>                         | <b>3,914.4</b> | <b>0.0</b>   |                       |
| PUBLIC SAFETY        | 9.7             | 13.5                                | MISC. CLAIMS/STALE WARRANTS            | 0.9            | 0.9          | 0.0                   |
|                      |                 |                                     | <b>Total for PUBLIC SAFETY:</b>        | <b>0.9</b>     | <b>0.9</b>   | <b>0.0</b>            |
| REVENUE              | 1.0             | 3.0                                 | POLITICAL CAMPAIGN CREDITS             | 249.4          | 249.4        | 0.0                   |
|                      | 2.0             | 4.0                                 | CHILD CARE CREDITS                     | 225.9          | 225.9        | 0.0                   |
|                      | 3.0             | 5.0                                 | FISH/GAME LICENSE VENDORS              | 50.0           | 50.0         | 0.0                   |
|                      | 4.0             | 6.0                                 | ELECTRIC/TELEPHONE COOP TAX            | 37.0           | 37.0         | 0.0                   |
|                      |                 |                                     | <b>Total for REVENUE:</b>              | <b>562.3</b>   | <b>562.3</b> | <b>0.0</b>            |
| TRANSPORTATION       | 9.8             |                                     | MISC. CLAIMS/STALE WARRANTS            | 42.4           |              | 42.4                  |
|                      | 10.0            | 14.0                                | MARINE HWYS RISK MGT COSTS             | 1,141.6        | 1,141.6      | 0.0                   |

CS HB 127 (FIN) VS. HB 127

FY 87 SUPPLEMENTALS --GF ONLY (THOUSANDS)

| DEPARTMENT | SEC.<br>(AMEND) | SEC.<br>(ORIG) | DESCRIPTION                      | GF<br>AMEND            | GF<br>ORIG | GF AMEND<br>- GF ORIG |
|------------|-----------------|----------------|----------------------------------|------------------------|------------|-----------------------|
|            |                 |                | <b>Total for TRANSPORTATION:</b> | 1,184.0                | 1,141.6    | 42.4                  |
|            |                 |                |                                  | <b>Total:</b> 14,567.2 | 17,671.3   | -3,104.1              |

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
CS HB 127 (FINANCE)

Section 26 of this Act provides for the appropriation of \$657,600 for the settlement entered into between Cook Inlet Region, Inc. and the state. This appropriation raises several concerns regarding the commitment of state funds to satisfy legal actions against the state by an entity other than the Attorney General's office. It is the intent of the Legislature that in any future settlements of legal actions the Attorney General's office be fully involved prior to any agreement and that a full review of the legal issues be considered prior to agreeing to an out of court settlement.

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Rep. Al Adams, Chair  
House Finance Committee

Worker's Compensation Estimates FY 87  
 Prepared by Division of Finance  
 March 12, 1987

|                                    | Total       | Payroll     | IA          |
|------------------------------------|-------------|-------------|-------------|
| Collected to date                  | 15.0        | 7.0         | 8.0         |
| Estimate for balance FY 87         | 4.7         | 3.5         | 1.2         |
| <b>Total Estimated Collections</b> | <b>19.7</b> | <b>10.5</b> | <b>10.2</b> |
| Expended to date                   | 15.0        | 7.0         | 3.0         |
| Estimate for balance of FY 87      | 5.1         | 3.9         | 1.2         |
| <b>Estimated cost for FY 87</b>    | <b>20.1</b> | <b>10.9</b> | <b>9.2</b>  |
| <b>Estimated deficit</b>           | <b>(.4)</b> | <b>(.4)</b> | <b>*</b>    |

(.4) can be generated by increasing payroll deduction percentages .03% for the next four payrolls.

\* We will achieve a net 0 if the 1.2 Supplemental Request submitted by the Department of Transportation for their Risk Managment RSA is approved by the Legislature.

Terminal Leave and Unemployment Insurance Estimates FY 87  
 Prepared by Division of Finance  
 March 12, 1987

|   | TOTAL                | UI                  | Terminal<br>Leave    | Leave<br>Cash-in    |
|---|----------------------|---------------------|----------------------|---------------------|
| Collected to date   | \$ 8,525.9           | \$ 3,258.4          | \$ 3,621.4           | \$ 1,646.1          |
| Estimate for balance of FY  | 4,214.7              | 1,629.7             | 1,777.3              | 807.7               |
| <b>Total Estimated Collections</b>  | <b>\$ 12,740.6</b>   | <b>\$ 4,888.1</b>   | <b>\$ 5,398.7</b>    | <b>\$ 2,453.8</b>   |
| Expended to date  | (14,879.7)           | (3,004.9)           | (8,082.3)            | (3,792.5)           |
| Estimate for balance of FY  | (9,127.8)            | (3,190.3)           | (4,041.2)            | (1,896.3)           |
| <b>Estimated cost for FY 87</b>   | <b>(24,007.5)</b>    | <b>(6,195.2)</b>    | <b>(12,123.5)</b>    | <b>(5,688.8)</b>    |
| <b>Estimated Balance (Deficit) [A]</b>  | <b>\$ (11,266.9)</b> | <b>\$ (1,307.1)</b> | <b>\$ (6,724.8)</b>  | <b>\$ (3,235.0)</b> |
| Additional leave payoff due to<br>RIP or Layoff                               | (3,463.2)            |                     | (3,463.2)            |                     |
| <b>[B]</b>  | <b>\$ (14,730.1)</b> | <b>\$ (1,307.1)</b> | <b>\$ (10,188.0)</b> | <b>\$ (3,235.0)</b> |
| <b>% of Personal Services<br/>(to be taken from lapsed personal services)</b> | <b>[A] 1.57694%</b>  | <b>[B] 2.06166%</b> |                      |                     |

AS 37.05.156 provides for a working reserve account to collect budgeted amounts for cash payments of accrued and terminal leave and for employer's contributions for unemployment compensation. This section also allows the Department of Administration to collect from agency lapse personal service balances any amounts needed to cover expenditures in excess of budgeted leave and UI balances.

[A] represents the estimated minimum percent to be allocated in FY 87.  
 [B] represents estimate with 520 employee's RIPing or potential layoffs.



# Ombudsman

State of Alaska

Reply to:

3201 C Street, Suite 403  
Anchorage, Alaska 99503  
(907) 563-3673

P.O. Box WO  
Juneau, Alaska 99811  
(907) 465-4970

P.O. Box 74358  
Fairbanks, Alaska 99707  
(907) 452-4001

February 13, 1987

House Finance Committee  
P.O. Box V  
Juneau, Alaska 99811

RE: Ombudsman Budget

Chairman Adams and Members of the Committee:

Thank you for the opportunity to address the House Finance Committee last Friday. Several members of the committee asked questions about the Ombudsman's office budget; I have attempted to answer these questions in this letter. Please do not hesitate to contact me or to have your staff contact me, if you have further questions.

1. If the office receives additional budget cuts for fy88, what effect would that have on the office?

The costs directly related to the investigative functions of the office comprise approximately 85% of the budget. I am exploring ways to further cut the administrative costs of operating the office, but they were significantly reduced in July 1986, and I do not yet know to what extent they can be trimmed.

One possibility would be for the Ombudsman to share administrative expenses with the Division of Legislative Budget and Audit, especially in Anchorage. Using this type of approach, the office could try to minimize the impact of a cut on complaint handling.

However, as you remember, last year the house voted a 10% cut, and the senate voted a 100% cut. If this were to happen again, with another 55% reduction of the budget, the effect on the office would be devastating. As I said during the meeting, under such a cut I believe the Ombudsman could continue to function but probably with only one office, almost all contact with the public and agencies by phone, a greatly reduced staff, and greatly reduced contact with and service to the public.

2. What are the priorities of the office?

The priorities are established in statute and regulation.

*Copies to members of the committee*

AS 24.55.110 states:

The Ombudsman shall investigate any complaint which is an appropriate subject for investigation under sec. 150 of this chapter, unless he reasonably believes:

- (1) there is presently available an adequate remedy for the grievance stated in the complaint;
- (2) the complaint relates to a matter that is outside the jurisdiction of the ombudsman;
- (3) the complaint relates to an administrative act of which the complainant has had knowledge for an unreasonable length of time before the complaint was submitted;
- (4) the complainant does not have a sufficient personal interest in the subject matter of the complaint;
- (5) the complaint is trivial or made in bad faith;
- (6) the resources of the ombudsman's office are insufficient for adequate investigation.

21 AAC 20.100 defines specific priorities as follows:

(a) When the resources of the office of the ombudsman are not sufficient to investigate adequately all pending complaints within reasonable time limits, investigations must be conducted according to the following priority rankings:

- (1) complaints of an emergency nature in which disposition according to normal handling would subject the complainant to a substantial risk of serious and irreparable harm;
- (2) complaints in which there is an allegation or evidence of prejudice, harm, or disadvantage and for which investigation should be undertaken at an early opportunity because of an actual or potential time constraint;
- (3) complaints in which there is an allegation or evidence of recurring systematic prejudice, harm, or disadvantage, or of the possibility of recurring systematic prejudice, harm, or disadvantage, as a result of an administrative act or decision;

- (4) complaints in which there is an allegation or evidence of a single or isolated instance of prejudice, harm, or disadvantage as a result of an administrative act or decision.
- (b) Within each priority category set out in (a) of this section,
- (1) investigation of a complaint alleging or giving evidence of prejudice, harm, or disadvantage to a class of people has precedence to an investigation of a complaint alleging an individual instance of prejudice, harm, or disadvantage;
- (2) investigation of complaints must be substantially in accordance with an order based on priority of the date on which the complaint was received.
3. Describe how the office has changed since the last budget cut.

As the fact sheet that I distributed at the finance committee meeting shows, the staff was reduced from 24 to 12. I eliminated the job class of "Ombudsman Regional Representative" in an attempt to eliminate duplication of supervision in a much smaller office. The remaining employees are distributed as follows:

Anchorage: Acting Ombudsman, 4 investigators, secretarial  
Fairbanks: 2 investigators  
Juneau: 2 1/2 investigators, 1/2 administrator, secretarial

Office functions are divided as follows:

Anchorage: Receives toll-free calls from the northern and central parts of the state, investigates all southcentral investigations, assists Juneau and Fairbanks investigations involving Anchorage files or agency personnel.

Fairbanks: Investigates all Fairbanks complaints that are not resolved with the first few calls. Most intakes are routed through the toll-free lines to Anchorage, but the Fairbanks investigators have taken complaints on an intermittent basis, as their workloads permit.

Juneau: Receives toll-free calls from Southeast Alaska, investigates complaints against the City and Borough of Juneau, and assists Fairbanks and Anchorage investigations involving Juneau files or agency personnel.

This is a change from the previous year, when each office was able to receive and investigate all its own complaints, with some transfers when necessary. Now, the larger office in Anchorage handles the bulk of

"intakes," which provides an efficiency of operation allowing more investigators to spend their time working on complaints that are judged to have higher priority, based on the standards described above.

The "800" toll-free lines are new this year.

4. What is the Ombudsman's salary?

AS 24.55. 060 states: "The ombudsman is entitled to receive an annual salary equal to that of a superior court judge."

That is range 28 E, or \$77,304 plus \$18,173 in benefits, for a total annual compensation of \$95,477. This is the same as for commissioners, as provided in AS 39.20.080.

My salary as Acting Ombudsman has been at range 24, the level at which regional representatives were compensated.

Sincerely,



Robert G. Walton  
Acting Ombudsman

RGW1:cm1

**Alaska State Legislature**  
*House of Representatives*



Official Business

**Al Adams**  
*Chairman*  
*Committee on Finance*

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320  
1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

**MEMORANDUM**

**To:** All Budget Subcommittee Chairman  
House Finance Committee

**From:** Al Adams *AA*  
Chairman  
House Finance Committee

**Date:** February 16, 1987

**Subj:** HB 127--FY 87 Supplementals

Attached is a sectional analysis of House Bill 127 "An Act making supplemental appropriations, a transfer of an allocation, and reductions in the FY 87 operating budget; and providing for an effective date."

I would appreciate it if each subcommittee would review the appropriation items in HB 127 which pertain to their respective departments and, to the extent possible, be prepared to suggest other areas within the department which could be reduced to off-set the supplemental requests. In addition, you should feel free to propose additional supplementals which have been overlooked by the Administration provided, of course, you can identify a source of funds to cover the additional costs.

The Governor has until the 45th legislative day to submit additional supplemental requests.

If you have any questions regarding this matter, please don't hesitate to contact my office.

| DEPARTMENT         | SECTION | DESCRIPTION                          | GF<br>INCREASE | GF<br>DECREASE | OTHER<br>FUNDS | TOTAL<br>GF   | TOTAL<br>FUNDS |
|--------------------|---------|--------------------------------------|----------------|----------------|----------------|---------------|----------------|
| ADMINISTRATION     | 9.0     | LONGEVITY BONUS PROGRAM              | 212.0          |                |                | 212.0         | 212.0          |
| ADMINISTRATION     | 10.0    | PUBLIC DEFENDER PEEL CASE RETRIAL    | 177.9          |                |                | 177.9         | 177.9          |
| ADMINISTRATION     | 11.0    | PUBLIC ADVOCATE INCREASED CASELOAD   | 855.2          |                |                | 855.2         | 855.2          |
| ADMINISTRATION     | 12.0    | EPORS INCREASED PARTICIPATION        | 88.6           |                |                | 88.6          | 88.6           |
|                    |         | <b>TOTAL ADMINISTRATION</b>          | <b>1333.7</b>  |                |                | <b>1333.7</b> | <b>1333.7</b>  |
| COMMERCE           | 13.2    | MISC CLAIMS/STALE WARRANTS           | 5.5            |                |                | 5.5           | 5.5            |
| COMMERCE           | 23.0    | REAL ESTATE COMMISSION OPERATIONS    | 39.7           |                |                | 39.7          | 39.7           |
| COMMERCE           | 24.0    | APA ANCHORAGE/FAIRBANKS INTERTIE     | 5896.4         |                |                | 5896.4        | 5896.4         |
| COMMERCE           | 25.0    | INTL TRADE OFFICES OPERATIONS        | 90.0           |                |                | 90.0          | 90.0           |
| COMMERCE           | 26.0    | FISHERIES ENHANCEMENT TAX RECEIPTS   | 239.0          |                |                | 239.0         | 239.0          |
|                    |         | <b>TOTAL COMMERCE</b>                | <b>6270.6</b>  |                |                | <b>6270.6</b> | <b>6270.6</b>  |
| CORRECTIONS        | 13.4    | MISC CLAIMS/STALE WARRANTS           | 19.6           |                |                | 19.6          | 19.6           |
|                    |         | <b>TOTAL CORRECTIONS</b>             | <b>19.6</b>    |                |                | <b>19.6</b>   | <b>19.6</b>    |
| FISH & GAME        | 13.7    | MISC CLAIMS/STALE WARRANTS           | 6.8            |                |                | 6.8           | 6.8            |
|                    |         | <b>TOTAL FISH &amp; GAME</b>         | <b>6.8</b>     |                |                | <b>6.8</b>    | <b>6.8</b>     |
| GOVERNOR           | 1.0     | GOVERNOR SECURITY                    | 45.5           |                |                | 45.5          | 45.5           |
| GOVERNOR           | 2.0     | TRANSITION COSTS                     | 106.8          |                |                | 106.8         | 106.8          |
| GOVERNOR           | 13.1    | MISC CLAIMS/STALE WARRANTS           | 4.1            |                |                | 4.1           | 4.1            |
|                    |         | <b>TOTAL GOVERNOR</b>                | <b>156.4</b>   |                |                | <b>156.4</b>  | <b>156.4</b>   |
| HEALTH/SOCIAL SVCS | 13.5    | MISC CLAIMS/STALE WARRANTS           | 50.0           |                |                | 50.0          | 50.0           |
| HEALTH/SOCIAL SVCS | 15.0    | AFDC                                 | 889.0          |                | 889.0          | 889.0         | 1778.0         |
| HEALTH/SOCIAL SVCS | 16.0    | ADULT PUBLIC ASSISTANCE              | 511.4          |                |                | 511.4         | 511.4          |
| HEALTH/SOCIAL SVCS | 17.0    | GENERAL RELIEF ASSISTANCE            | 375.5          |                |                | 375.5         | 375.5          |
| HEALTH/SOCIAL SVCS | 18.0    | POST MORTEM EXAMINATIONS             | 231.6          |                |                | 231.6         | 231.6          |
| HEALTH/SOCIAL SVCS | 19.0    | MEDICAID LONGEVITY BONUS HLD HRMLESS | 502.2          |                |                | 502.2         | 502.2          |
| HEALTH/SOCIAL SVCS | 20.0    | API SECURITY SYSTEM PERS SVCS COSTS  | 550.0          |                |                | 550.0         | 550.0          |
| HEALTH/SOCIAL SVCS | 21.0    | MCLAUGHLIN PERS SVCS/MEDICAL COSTS   | 347.5          |                |                | 347.5         | 347.5          |
| HEALTH/SOCIAL SVCS | 22.0    | FBKS YOUTH FACILITY OPERATIONS       | 356.9          |                |                | 356.9         | 356.9          |

| DEPARTMENT        | SECTION | DESCRIPTION                          | 6F<br>INCREASE | 6F<br>DECREASE | OTHER<br>FUNDS | TOTAL<br>6F | TOTAL<br>FUNDS |
|-------------------|---------|--------------------------------------|----------------|----------------|----------------|-------------|----------------|
|                   |         | <b>TOTAL HEALTH/SOCIAL SVCS</b>      | 3814.1         |                | 889.0          | 3814.1      | 4703.1         |
| LAW               | 27.0    | COSTS OF WEISS V. STATE              | 150.0          |                |                | 150.0       | 150.0          |
| LAW               | 28.0    | JUDGEMENTS/CLAIMS AGAINST THE STA1   | 98.0           |                |                | 98.0        | 98.0           |
| LAW               | 29.0    | N SLOPE BOROUGH INVESTIGATIONS       | 200.0          |                |                | 200.0       | 200.0          |
|                   |         | <b>TOTAL LAW</b>                     | 448.0          |                |                | 448.0       | 448.0          |
| MILITARY AFFAIRS  | 13.3    | MISC CLAIMS/STALE WARRANTS           | 2.9            |                |                | 2.9         | 2.9            |
|                   |         | <b>TOTAL MILITARY AFFAIRS</b>        | 2.9            |                |                | 2.9         | 2.9            |
| NATURAL RESOURCES | 7.0     | FIRE SUPPRESSION FY 87               | 3256.8         |                |                | 3256.8      | 3256.8         |
| NATURAL RESOURCES | 8.1     | PARKS MANAGEMENT                     |                | -100.0         |                | -100.0      | -100.0         |
| NATURAL RESOURCES | 8.2     | KOOTZNCOWOO HERITAGE FOUNDATION GR.  | 100.0          |                |                | 100.0       | 100.0          |
| NATURAL RESOURCES | 30.0    | REHABILITATION OF CIRI LANDS         | 657.6          |                |                | 657.6       | 657.6          |
| NATURAL RESOURCES | 31.1    | RECORDERS OFFICE COMPUTERIZATION     |                | -136.8         |                | -136.8      | -136.8         |
| NATURAL RESOURCES | 31.2    | CLOSEDOWN OF RURAL RECORDERS OFFICE: | 136.8          |                |                | 136.8       | 136.8          |
|                   |         | <b>TOTAL NATURAL RESOURCES</b>       | 4151.2         | -236.8         |                | 3914.4      | 3914.4         |
| PUBLIC SAFETY     | 13.6    | MISC CLAIMS/STALE WARRANTS           | 0.9            |                |                | 0.9         | 0.9            |
|                   |         | <b>TOTAL PUBLIC SAFETY</b>           | 0.9            |                |                | 0.9         | 0.9            |
| REVENUE           | 3.0     | POLITICAL CREDITS FY 86              | 249.4          |                |                | 249.4       | 249.4          |
| REVENUE           | 4.0     | CHILD CARE CREDITS FY 86             | 225.9          |                |                | 225.9       | 225.9          |
| REVENUE           | 5.0     | FISH & GAME LICENSE VENDORS          | 50.0           |                |                | 50.0        | 50.0           |
| REVENUE           | 6.0     | ELECTRIC/TELEPHONE COOP TAX FY 86    | 37.0           |                |                | 37.0        | 37.0           |
|                   |         | <b>TOTAL REVENUE</b>                 | 562.3          |                |                | 562.3       | 562.3          |
| TRANSPORTATION    | 14.0    | MARINE HWY RISK MANAGEMENT COSTS     | 1141.6         |                |                | 1141.6      | 1141.6         |
|                   |         | <b>TOTAL TRANSPORTATION</b>          | 1141.6         |                |                | 1141.6      | 1141.6         |
|                   |         | <b>TOTAL ALL DEPARTMENTS</b>         | 17908.1        | -236.8         | 889.0          | 17671.3     | 18560.3        |

FY 87 estimated impact of Anchorage Full & True Value Assessment Appeal under the Revenue Sharing Tax Equalization Program.

| <u>Municipalities</u> | <u>FY 87<br/>Entitlement</u> | <u>FY 87<br/>Appeal Impact</u> | <u>FY 87<br/>Difference</u> |
|-----------------------|------------------------------|--------------------------------|-----------------------------|
| Mun. of Anchorage     | \$ 13,804.0                  | \$ 15,761.0                    | + \$ 1,957.0                |
| FNSB                  | 3,016.0                      | 2,756.0                        | -260.0                      |
| City of Fairbanks     | 1,444.0                      | 1,368.0                        | - 76.0                      |
| Mat-Su Borough        | 3,135.0                      | 2,985.0                        | -150.0                      |
| Kenai Pen. Borough    | 2,951.0                      | 2,844.0                        | -107.0                      |
| Juneau                | 4,688.0                      | 4,259.0                        | -429.0                      |
| City of Ketchikan     | 995.8                        | 917. .                         | - 77.9                      |
| Kodiak                | 678.6                        | 645.9                          | - 32.7                      |
| Sitka                 | 771.1                        | 716.9                          | - 54.2                      |
| Ketchikan Borough     | 487.6                        | 435.3                          | - 52.3                      |
| City of Kotzebue      | 387.5                        | 359.5                          | - 28.0                      |

These figures are from the Department of Community & Regional Affairs and only take into account the current Anchorage appeal case exclusive of any other possible municipal appeals in regard to the Tax Equalization Program.

GOVERNOR'S FY 87 SUPPLEMENTAL REQUESTS --GF ONLY (THOUSANDS)

| DEPARTMENT     | SEC.<br>(AMEND) | SEC.<br>(ORIG) | DESCRIPTION                       | GF<br>AMEND    | GF<br>ORIG     | GF AMEND<br>- GF ORIG |
|----------------|-----------------|----------------|-----------------------------------|----------------|----------------|-----------------------|
| ADMINISTRATION | 8.0             | 9.0            | LONGEVITY BONUS PAYMENTS          | 212.0          | 212.0          | 0.0                   |
|                | 9.0             | 10.0           | PUBLIC DEFENDER/PEEL CASE         | 177.9          | 177.9          | 0.0                   |
|                | 10.0            | 11.0           | PUBLIC ADVOCATES CASELOAD         | 855.2          | 855.2          | 0.0                   |
|                | 11.0            | 12.0           | RETIREMENTS SYTSTEM (EPORS)       | 88.6           | 88.6           | 0.0                   |
|                | 12.1            |                | MISC. CLAIMS/STALE WARRANTS       | 52.3           |                | 52.3                  |
|                |                 |                | <b>Total for ADMINISTRATION:</b>  | <b>1,386.0</b> | <b>1,333.7</b> | <b>52.3</b>           |
| COMMERCE       | 12.2            | 13.1           | MISC. CLAIMS/STALE WARRANTS       | 5.5            | 5.5            | 0.0                   |
|                | 22.0            | 23.0           | REAL ESTATE COMM OPERATIONS       | 39.7           | 39.7           | 0.0                   |
|                | 23.0            | 24.0           | APA-ANCH/FAI INTERTIE             | 5,896.4        | 5,896.4        | 0.0                   |
|                | 24.0            | 25.0           | INT'L TRADE FOREIGN EXCH RATES    | 90.0           | 90.0           | 0.0                   |
|                | 25.0            | 26.0           | FISH ENHANCEMENT TAX RCTS         | 239.0          | 239.0          | 0.0                   |
|                |                 |                | <b>Total for COMMERCE:</b>        | <b>6,270.6</b> | <b>6,270.6</b> | <b>0.0</b>            |
| CORRECTIONS    | 12.4            | 13.3           | MISC. CLAIMS/STALE WARRANTS       | 19.6           | 19.6           | 0.0                   |
|                | 31.0            |                | MAJOR MEDICAL COSTS               | 1,124.0        |                | 1,124.0               |
|                |                 |                | <b>Total for CORRECTIONS:</b>     | <b>1,143.6</b> | <b>19.6</b>    | <b>1,124.0</b>        |
| EDUCATION      | 12.5            |                | MISC. CLAIMS/STALE WARRANTS       | 15.8           |                | 15.8                  |
|                | 33.0            |                | SW REGION SD SETTLEMENT           | 350.0          |                | 350.0                 |
|                |                 |                | <b>Total for EDUCATION:</b>       | <b>365.8</b>   | <b>0.0</b>     | <b>365.8</b>          |
| FISH & GAME    | 12.9            | 13.6           | MISC. CLAIMS/STALE WARRANTS       | 10.2           | 6.8            | 3.4                   |
|                |                 |                | <b>Total for FISH &amp; GAME:</b> | <b>10.2</b>    | <b>6.8</b>     | <b>3.4</b>            |

AMENDED REQUEST VS. ORIGINAL REQUEST

GOVERNOR'S FY 87 SUPPLEMENTAL REQUESTS --GF ONLY (THOUSANDS)

| DEPARTMENT           | SEC.<br>(AMEND)                        | SEC.<br>(ORIG) | DESCRIPTION                  | GF<br>AMEND | GF<br>ORIG | GF AMEND<br>- GF ORIG |
|----------------------|--|----------------|------------------------------|-------------|------------|-----------------------|
| GOVERNOR'S OFFICE    | 1.0                                    | 1.0            | GOVERNOR SECURITY            | 45.5        | 45.5       | 0.0                   |
|                      | 2.0                                    | 2.0            | TRANSITION EXPENSES          | 106.8       | 106.8      | 0.0                   |
|                      | 12.0                                   | 13.0           | MISC. CLAIMS/STALE WARRANTS  | 4.1         | 4.1        | 0.0                   |
|                      | <b>Total for GOVERNOR'S OFFICE:</b>    |                |                              | 156.4       | 156.4      | 0.0                   |
| HEALTH/SOCIAL SVCS   |  | 19.0           | MEDICAID-LONGEVITY BONUS HH  |             | 502.2      | -502.2                |
|                      | 12.6                                   | 13.4           | MISC. CLAIMS/STALE WARRANTS  | 19.0        | 50.0       | -31.0                 |
|                      | 14.0                                   | 15.0           | AFDC CASELOADS               | 439.0       | 889.0      | -450.0                |
|                      | 15.0                                   | 16.0           | DISABLED/OLD AGE ASSISTANCE  | 511.4       | 511.4      | 0.0                   |
|                      | 16.0                                   | 17.0           | GENERAL RELIEF ASSISTANCE    | 525.5       | 375.5      | 150.0                 |
|                      | 17.0                                   | 18.0           | POST MORTEM EXAMINATIONS     | 231.6       | 231.6      | 0.0                   |
|                      | 18.0                                   | 20.0           | ALASKA PSYCHIATRIC INSTITUTE | 178.0       | 550.0      | -372.0                |
|                      | 19.0                                   | 21.0           | MCLAUGHLIN YOUTH CENTER      | 347.5       | 347.5      | 0.0                   |
|                      | 20.0                                   | 22.0           | FAIRBANKS YOUTH FACILITY     | 306.9       | 356.9      | -50.0                 |
|                      | 21.0                                   |                | RESIDENTIAL CARE CMI ✓       | 90.0        |            | 90.0                  |
|                      | <b>Total for HEALTH/SOCIAL SVCS:</b>   |                |                              | 2,648.9     | 3,814.1    | -1,165.2              |
| LAW                  | 26.0                                   | 27.0           | WEISS V. STATE               | 150.0       | 150.0      | 0.0                   |
|                      | 27.0                                   | 28.0           | MISC. JDMINTS AGAINST STATE  | 126.0       | 98.0       | 28.0                  |
|                      | 28.0                                   | 29.0           | N. SLOPE BOROUGH INVESTIGATE | 200.0       | 200.0      | 0.0                   |
|                      | <b>Total for LAW:</b>                  |                |                              | 476.0       | 448.0      | 28.0                  |
| MILITARY/VET AFFAIRS | 12.3                                   | 13.2           | MISC. CLAIMS/STALE WARRANTS  | 2.9         | 2.9        | 0.0                   |
|                      | 32.0                                   |                | FLOOD CONTROL PROGRAM        | 32.9        |            | 32.9                  |
|                      | <b>Total for MILITARY/VET AFFAIRS:</b> |                |                              | 35.8        | 2.9        | 32.9                  |

AMENDED REQUEST VS. ORIGINAL REQUEST

GOVERNOR'S FY 87 SUPPLEMENTAL REQUESTS --GF ONLY (THOUSANDS)

| DEPARTMENT        | SEC.<br>(AMEND) | SEC.<br>(ORIG)                      | DESCRIPTION                      | GF<br>AMEND    | GF<br>ORIG      | GF AMEND<br>- GF ORIG |
|-------------------|-----------------|-------------------------------------|----------------------------------|----------------|-----------------|-----------------------|
| NATURAL RESOURCES |                 | 8.0                                 | PARKS MANAGEMENT                 |                | -100.0          | 100.0                 |
|                   |                 |                                     | 8.1 KOOTZNOOWOOD HERITAGE GRANT  |                | 100.0           | -100.0                |
|                   |                 | 31.0                                | COMPUTERIZE RECORDERS OFFICE     |                | -136.8          | 136.8                 |
|                   |                 | 31.1                                | CLOSE RURAL RECORDERS OFFICE     |                | 136.8           | -136.8                |
|                   | 7.0             | 7.0                                 | FIRE SUPPRESSION FUNDS           | 3,256.8        | 3,256.8         | 0.0                   |
|                   | 29.0            | 30.0                                | CIRI LAND REHAB SETTLEMENT       | 657.6          | 657.6           | 0.0                   |
|                   | 30.0            |                                     | RECORDERS OFFICE OPERATIONS      |                |                 | 0.0                   |
|                   |                 | <b>Total for NATURAL RESOURCES:</b> | <b>3,914.4</b>                   | <b>3,914.4</b> | <b>0.0</b>      |                       |
| PUBLIC SAFETY     | 12.7            | 13.5                                | MISC. CLAIMS/STALE WARRANTS      | 0.9            | 0.9             | 0.0                   |
|                   |                 |                                     | <b>Total for PUBLIC SAFETY:</b>  | <b>0.9</b>     | <b>0.9</b>      | <b>0.0</b>            |
| REVENUE           | 3.0             | 3.0                                 | POLITICAL CAMPAIGN CREDITS       | 249.4          | 249.4           | 0.0                   |
|                   | 4.0             | 4.0                                 | CHILD CARE CREDITS               | 225.9          | 225.9           | 0.0                   |
|                   | 5.0             | 5.0                                 | FISH/GAME LICENSE VENDORS        | 50.0           | 50.0            | 0.0                   |
|                   | 6.0             | 6.0                                 | ELECTRIC/TELEPHONE COOP TAX      | 37.0           | 37.0            | 0.0                   |
|                   |                 |                                     | <b>Total for REVENUE:</b>        | <b>562.3</b>   | <b>562.3</b>    | <b>0.0</b>            |
| TRANSPORTATION    | 12.8            |                                     | MISC. CLAIMS/STALE WARRANTS      | 42.4           |                 | 42.4                  |
|                   | 13.0            | 14.0                                | MARINE HWYS RISK MGT COSTS       | 1,141.6        | 1,141.6         | 0.0                   |
|                   |                 |                                     | <b>Total for TRANSPORTATION:</b> | <b>1,184.0</b> | <b>1,141.6</b>  | <b>42.4</b>           |
|                   |                 |                                     |                                  | <b>Total:</b>  | <b>18,154.9</b> | <b>17,671.3</b>       |
|                   |                 |                                     |                                  |                |                 | <b>483.6</b>          |

AMENDED REQUEST VS. ORIGINAL REQUEST

DATE: 3/20/87

BOOKPROOFED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations for FY 87  
7 and prior fiscal years; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$45,547 is appropriated from the general fund  
11 to the Office of the Governor to provide security protection for the Gover-  
12 nor's Office.

13 \* Sec. 2. The sum of \$106,752 is appropriated from the general fund to  
14 the Office of the Governor to pay transition expenses incurred as a result  
15 of the change in Administration.

16 \* Sec. 3. The sum of \$249,357 is appropriated from the general fund to  
17 the Department of Revenue to pay claims for political campaign contribution  
18 credits payable under AS 43.20.013 which were filed on or before June 30,  
19 1986.

20 \* Sec. 4. The sum of \$225,936 is appropriated from the general fund to  
21 the Department of Revenue to pay claims for household and dependent care  
22 credits (child care credits) payable under AS 43.20.013 which were filed on  
23 or before June 30, 1986.

24 \* Sec. 5. The sum of \$50,000 is appropriated from the general fund to  
25 the Department of Revenue to compensate fish and game license vendors as  
26 required under AS 16.05.390.

27 \* Sec. 6. The sum of \$37,045 is appropriated from the general fund to  
28 the Department of Revenue to pay the additional fiscal year 1986 sharing  
29 required for the electric and telephone cooperative tax under AS 10.25.570.

DATE: \_\_\_\_\_  
BOOKPROOFED: \_\_\_\_\_  
APPROVED: \_\_\_\_\_

1 \* Sec. 7. The sum of \$3,256,800 is appropriated from the general fund  
2 to the Department of Natural Resources to pay for costs incurred in fire  
3 suppression efforts during fiscal year 1987.

4 \* Sec. 8. The sum of \$212,000 is appropriated from the general fund to  
5 the Department of Administration, longevity bonus program, for increased  
6 longevity bonus participation.

7 \* Sec. 9. The sum of \$177,900 is appropriated from the general fund to  
8 the Department of Administration, public defender program, for retrial  
9 expenses of the John Peel case.

10 \* Sec. 10. The sum of \$855,200 is appropriated from the general fund to  
11 the Department of Administration, Office of Public Advocacy, for costs  
12 associated with increased caseload.

13 \* Sec. 11. The sum of \$88,600 is appropriated from the general fund to  
14 the Department of Administration, retirement and benefits program, for  
15 costs associated with increased participation in the elected public offi-  
16 cers retirement system.

17 \* Sec. 12. The sum of \$172,783 is appropriated from the general fund to  
18 the following agencies to pay miscellaneous claims and stale dated war-  
19 rants:

|    |                              |          |
|----|------------------------------|----------|
| 20 | Office of the Governor       | \$ 4,072 |
| 21 | Department of Administration | 52,290   |
| 22 | Department of Commerce and   |          |
| 23 | Economic Development         | 5,540    |
| 24 | Department of Military and   |          |
| 25 | Veterans' Affairs            | 2,945    |
| 26 | Department of Corrections    | 19,601   |
| 27 | Department of Education      | 15,805   |
| 28 | Department of Health and     |          |
| 29 | Social Services              | 19,023   |

DATE: \_\_\_\_\_

BOOKPROOFED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

1 Department of Public Safety 907  
2 Department of Transportation  
3 and Public Facilities 42,420  
4 Department of Fish and Game 10,180

5 \* Sec. 13. The sum of \$1,141,600 is appropriated from the general fund  
6 to the Department of Transportation and Public Facilities, Alaska Marine  
7 Highway System, for the purpose of paying risk management costs.

8 \* Sec. 14. The sum of \$1,778,000 is appropriated from the general fund  
9 to the Department of Health and Social Services to pay for costs associated  
10 with increased caseloads in the aid to families with dependent children  
11 program, from the following sources:

12 Federal Receipts \$806,600  
13 General Fund Match 439,000  
14 Interagency Receipts 82,400  
15 Child Support Enforcement  
16 Agency Receipts 450,000

17 \* Sec. 15. The sum of \$511,400 is appropriated from the general fund to  
18 the Department of Health and Social Services, Adult Public Assistance  
19 component, to pay for costs associated with increased caseloads in the aid  
20 to disabled and the old age assistance programs.

21 \* Sec. 16. The sum of \$525,500 is appropriated from the general fund to  
22 the Department of Health and Social Services to pay for costs associated  
23 with increased caseloads in the general relief assistance program.

24 \* Sec. 17. The sum of \$231,600 is appropriated from the general fund to  
25 the Department of Health and Social Services to pay for the increased  
26 number of court-ordered autopsies in the post mortem examination program.

27 \* Sec. 18. The sum of \$178,000 is appropriated from the general fund to  
28 the Department of Health and Social Services to pay for the shortfall of  
29 third party and other federal receipts due to the lower patient count at

DATE: \_\_\_\_\_  
BOOKPROOFED: \_\_\_\_\_  
APPROVED: \_\_\_\_\_

1 the Alaska Psychiatric Institute.

2 \* Sec. 19. The sum of \$347,500 is appropriated from the general fund to  
3 the Department of Health and Social Services for personal services and  
4 medical costs associated with the operation of McLaughlin Youth Center.

5 \* Sec. 20. The sum of \$306,900 is appropriated from the general fund to  
6 the Department of Health and Social Services to pay for increased personal  
7 services and support costs associated with on-going program operations and  
8 opening the new wing at Fairbanks Youth Facility.

9 \* Sec. 21. The sum of \$90,000 is appropriated from the general fund to  
10 the Department of Health and Social Services to pay for community place-  
11 ments in adult residential care programs for the chronically mentally ill.

12 \* Sec. 22. The sum of \$39,700 is appropriated from the general fund to  
13 the Real Estate Commission for operations.

14 \* Sec. 23. The sum of \$5,896,400 is appropriated from the general fund  
15 to the Alaska Power Authority for the settlement agreement entered into  
16 between Harrison Western Corporation, d/b/a Susitna Constructors and the  
17 Alaska Power Authority based upon changes and increased costs associated  
18 with construction of the Anchorage-Fairbanks intertie.

19 \* Sec. 24. The sum of \$90,000 is appropriated from the general fund to  
20 the Department of Commerce and Economic Development, Office of Internation-  
21 al Trade, to offset foreign office shortfalls arising from exchange rate  
22 fluctuations.

23 \* Sec. 25. The sum of \$239,000 is appropriated from the general fund to  
24 the Department of Commerce and Economic Development for payments under the  
25 fisheries enhancement tax receipt program.

26 \* Sec. 26. The sum of \$150,000 is appropriated from the general fund to  
27 the Department of Law for costs associated with Weiss v. State.

28 \* Sec. 27. The sum of \$126,000 is appropriated from the general fund to  
29 the Department of Law to pay judgments and claims against the state.

DATE: \_\_\_\_\_  
BOOKPROOFED: \_\_\_\_\_  
APPROVED: \_\_\_\_\_

1 \* Sec. 28. The sum of \$200,000 is appropriated from the general fund to  
2 the Department of Law for the North Slope Borough investigations.

3 \* Sec. 29. The sum of \$657,600 is appropriated from the general fund to  
4 the Department of Natural Resources for the settlement agreement entered  
5 into on July 14, 1986 between the state and Cook Inlet Region, Inc. (CIRI),  
6 concerning rehabilitation of certain CIRI land.

7 \* Sec. 30. The sum of \$95,000 is appropriated from program receipts in  
8 the general fund (user fees) to the Department of Natural Resources for the  
9 operation of Recorders' Offices for the fiscal year ending June 30, 1987.

10 \* Sec. 31. The sum of \$1,124,000 is appropriated from the general fund  
11 to the Department of Corrections to cover higher than anticipated major  
12 medical costs for prisoners.

13 \* Sec. 32. The sum of \$32,900 is appropriated from the general fund to  
14 the Department of Military and Veterans' Affairs for the Flood Control  
15 Program for the fiscal year ending June 30, 1987.

16 \* Sec. 33. The sum of \$350,000 is appropriated from the general fund to  
17 the Department of Education for settlement of a December 3, 1986 federal  
18 administrative appeal brought by the Southwest Region School District for  
19 fiscal year 1985.

20 \* Sec. 34. This Act takes effect immediately under AS 01.10.070(c).  
21  
22  
23  
24  
25  
26  
27  
28  
29

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 127

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making supplemental appropriations, a trans-  
7 fer of an allocation, and reductions in the FY 87  
8 operating budget; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$45,547 is appropriated from the general fund  
12 to the Office of the Governor to provide security protection for the Gover-  
13 nor's Office.

14 \* Sec. 2. The sum of \$106,752 is appropriated from the general fund to  
15 the Office of the Governor to pay transition expenses incurred as a result  
16 of the change in Administration.

17 \* Sec. 3. The sum of \$249,357 is appropriated from the general fund to  
18 the Department of Revenue to pay claims for political campaign contribution  
19 credits payable under AS 43.20.013 which were filed on or before June 30,  
20 1986.

21 \* Sec. 4. The sum of \$225,936 is appropriated from the general fund to  
22 the Department of Revenue to pay claims for household and dependent care  
23 credits (child care credits) payable under AS 43.20.013 which were filed on  
24 or before June 30, 1986.

25 \* Sec. 5. The sum of \$50,000 is appropriated from the general fund to  
26 the Department of Revenue to compensate fish and game license vendors as  
27 required under AS 16.05.390.

28 \* Sec. 6. The sum of \$37,045 is appropriated from the general fund to  
29 the Department of Revenue to pay the additional fiscal year 1986 sharing

1 required for the electric and telephone cooperative tax under AS 10.25.570.

2 \* Sec. 7. The sum of \$3,256,800 is appropriated from the general fund  
3 to the Department of Natural Resources to pay for costs incurred in fire  
4 suppression efforts during fiscal year 1987.

5 \* Sec. 8. Section 21, ch. 129, SLA 1986, page 60, lines 8 and 10, are  
6 amended to read:

|                             | Appropriation    | Appropriation | Fund Sources             |
|-----------------------------|------------------|---------------|--------------------------|
|                             | Allocation       | Items         | General Fund Other Funds |
| 9 Parks & Recreation        |                  |               |                          |
| 10 Management               |                  | \$ 7,139,600  | \$5,395,800 \$1,743,800  |
| 11 Historic Resource        |                  |               |                          |
| 12 Management               | \$ 322,000       |               |                          |
| 13 Parks Management         | <u>5,286,700</u> |               |                          |
| 14                          | [5,386,000]      |               |                          |
| 15 <u>Kootznoowoo Heri-</u> |                  |               |                          |
| 16 <u>tage Foundation</u>   |                  |               |                          |
| 17 <u>Grant</u>             | <u>100,000</u>   |               |                          |
| 18 Parks/Direct Charge/     |                  |               |                          |
| 19 Overhead CIP             | 1,430,900        |               |                          |

20 \* Sec. 9. The sum of \$212,000 is appropriated from the general fund to  
21 the Department of Administration, longevity bonus program, for increased  
22 longevity bonus participation.

23 \* Sec. 10. The sum of \$177,900 is appropriated from the general fund to  
24 the Department of Administration, public defender program, for retrial  
25 expenses of the John Peel case.

26 \* Sec. 11. The sum of \$855,200 is appropriated from the general fund to  
27 the Department of Administration, Office of Public Advocacy, for costs  
28 associated with increased caseload.

29 \* Sec. 12. The sum of \$88,600 is appropriated from the general fund to

1 the Department of Administration, retirement and benefits program, for  
2 costs associated with increased participation in the elected public offi-  
3 cers retirement system.

4 \* Sec. 13. The sum of \$89,905 is appropriated from the general fund to  
5 the following agencies to pay miscellaneous claims and stale dated war-  
6 rants:

|    |                             |          |
|----|-----------------------------|----------|
| 7  | Office of the Governor      | \$ 4,072 |
| 8  | Department of Commerce and  |          |
| 9  | Economic Development        | 5,540    |
| 10 | Department of Military and  |          |
| 11 | Veterans' Affairs           | 2,945    |
| 12 | Department of Corrections   | 19,601   |
| 13 | Department of Health and    |          |
| 14 | Social Services             | 50,000   |
| 15 | Department of Public Safety | 907      |
| 16 | Department of Fish and Game | 6,840    |

17 \* Sec. 14. The sum of \$1,141,600 is appropriated from the general fund  
18 to the Department of Transportation and Public Facilities, Alaska Marine  
19 Highway System, for the purpose of paying risk management costs.

20 \* Sec. 15. The sum of \$1,778,000 is appropriated from the general fund  
21 to the Department of Health and Social Services to pay for costs associated  
22 with increased caseloads in the aid to families with dependent children  
23 program, from the following sources:

|    |                      |           |
|----|----------------------|-----------|
| 24 | Federal Receipts     | \$806,600 |
| 25 | General Fund Match   | 889,000   |
| 26 | Interagency Receipts | 82,400    |

27 \* Sec. 16. The sum of \$511,400 is appropriated from the general fund to  
28 the Department of Health and Social Services, Adult Public Assistance  
29 component, to pay for costs associated with increased caseloads in the aid