

**ALASKA LEGISLATURE**

**1746**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998**

1 (6) "local contribution" means appropriations and the value of in-kind  
2 services made by a district;

3 (7) "taxable real and personal property" means all real and personal  
4 property taxable under the laws of the state.

5 \* Sec. 3. AS 14.03.120(d) is repealed and reenacted to read:

6 (d) Annually, before the date set by the district under (e) of this section, each  
7 public school shall provide, in a public meeting of parents, students, and community  
8 members, a report on the school's performance and the performance of the school's  
9 students. The report shall be prepared on a form prescribed by the department and  
10 must include

11 (1) information on accreditation;

12 (2) results of norm-referenced achievement tests;

13 (3) results of state standards-based assessments in reading, writing, and  
14 mathematics;

15 (4) a description, including quantitative and qualitative measures, of  
16 student, parent, community, and business involvement in student learning;

17 (5) a description of the school's attendance, retention, dropout, and  
18 graduation rates as specified by the state board; and

19 (6) the annual percent of enrollment change, regardless of reason, and  
20 the annual percent of enrollment change due to student transfers into and out of the  
21 school district.

22 \* Sec. 4. AS 14.03.120(e) is repealed and reenacted to read:

23 (e) By a date set by the district, each public school in the district shall provide  
24 the report described in (d) of this section to the district's governing body. Along with  
25 the report, each public school shall submit a summary of comments made on the report  
26 by parents, students, and community members. By July 1 of each year, beginning in  
27 2000, each district shall provide to the department a report on the performance of each  
28 public school and the public school students in the district. The district's report must

29 (1) be entitled "School District Report Card to the Public"; and

30 (2) include

31 (A) copies of the reports and summaries of comments submitted

1 under this section by each public school in the district; and

2 (B) a compilation of the material described in (A) of this  
3 paragraph by each public school in the district.

4 \* **Sec. 5.** AS 14.03.120(f) is repealed and reenacted to read:

5 (f) By January 15 of each year, beginning in 2001, the department shall  
6 provide to the governor and make available to the public and the legislature a report  
7 on the performance of public schools in this state. The report must be entitled  
8 "Alaska's Public Schools: A Report Card to the Public." The report must include

9 (1) comprehensive information on each public school compiled,  
10 collected, and reported under (d) and (e) of this section for the prior school year;

11 (2) a summary of the information described in (1) of this subsection;  
12 the summary must be prepared in a manner that allows school performance to be  
13 measured against established state education standards; and

14 (3) for a report due by or after January 15, 2003, the performance  
15 designation under AS 14.03.123(b) received by each public school during the prior  
16 school year.

17 \* **Sec. 6.** AS 14.03.120(g) is amended to read:

18 (g) In this section, "district" has the meaning given in AS 14.17.990  
19 [AS 14.17.250].

20 \* **Sec. 7.** AS 14.03 is amended by adding a new section to read:

21 **Sec. 14.03.123. School accreditation and accountability.** (a) Each public  
22 school in this state must become accredited by the department. By July 1, 1999, the  
23 state board shall establish by regulation a process for public school accreditation  
24 required under this section. The accreditation process must be based on multiple  
25 student measures, including student achievement data.

26 (b) Beginning in August 2002, and during each of the following 12-month  
27 periods, the department shall assign each public school in each district the performance  
28 designation of distinguished, successful, deficient, or in crisis using the process  
29 established under (a) of this section. The department shall accredit each public school  
30 that is assigned a performance designation of distinguished or successful. A public  
31 school assigned a performance designation of deficient or in crisis shall develop a

1 school improvement plan under (e) of this section. The department shall inform the  
2 governing body of each district of the performance designation assigned to each public  
3 school in the district.

4 (c) The state board shall adopt regulations to allow a district to appeal the  
5 performance designation assigned to a public school in that district.

6 (d) The department may establish a program of special recognition for those  
7 public schools that achieve a distinguished performance designation.

8 (e) A public school that fails to become accredited under (b) of this section  
9 shall prepare a school improvement plan to improve student performance based on the  
10 process established under (a) of this section and provide that plan to the district and  
11 to the department. The public school shall undertake an improvement process under  
12 that plan to lead to a designation of successful or distinguished. The school  
13 improvement plan must be prepared with the maximum feasible public participation  
14 of the community, including, if appropriate, interested individuals, teachers, parents,  
15 parent organizations, students, tribal organizations, local government representatives,  
16 and other community groups. The school board of a district shall consult with and  
17 assist the public school in the preparation of the school improvement plan. The  
18 commissioner may provide technical assistance to a public school or the district at any  
19 time during the preparation and implementation of the school improvement plan upon  
20 the request of an interested person and the approval of the district.

21 (f) Beginning August 1, 2002, and periodically during each of the following  
22 12-month periods, the department shall monitor the progress of the implementation of  
23 each school improvement plan prepared under (e) of this section for each public school  
24 that is not accredited under this section.

25 (g) The department may use existing staff or contract with one or more  
26 qualified persons to assist a public school that is not accredited under this section to  
27 improve student performance. Qualified persons to provide assistance under this  
28 section include educators, business leaders, members of the governing body of that  
29 district, and community leaders. The provisions of AS 36.30 do not apply to a  
30 contract awarded under this subsection.

31 (h) Notwithstanding any other provisions in this title, if the performance

1 designation of a public school has continued to be deficient or in crisis for two  
2 consecutive school years, the chief school administrator, if the district employs a chief  
3 school administrator, the president of the governing body, and the principal of the  
4 public school shall, at a public meeting of the state board of education, present a  
5 written report on the performance of that public school.

6 (i) The state board of education shall develop, by regulation, measures that  
7 may be progressively implemented by the commissioner to assist a public school to  
8 improve student performance in accordance with this section.

9 (j) In this section, "district" has the meaning given in AS 14.17.990.

10 \* Sec. 8. AS 14.03.125(e) is amended to read:

11 (e) In this section, "district" has the meaning given in AS 14.17.990  
12 [AS 14.17.250].

13 \* Sec. 9. AS 14.03.150(c) is amended to read:

14 (c) The department may not award a school construction or major maintenance  
15 grant under AS 14.11 to a municipality that is a school district or a regional  
16 educational attendance area that is not in compliance with (a) of this section. The  
17 department shall reduce the amount of state [FOUNDATION] aid under AS 14.17.400  
18 [AS 14.17.021] for which a school district may qualify [,] by the amount, if any, paid  
19 by the department under (b) of this section.

20 \* Sec. 10. AS 14.03.160(f)(2) is amended to read:

21 (2) "district" has the meaning given in AS 14.17.990 [AS 14.17.250].

22 \* Sec. 11. AS 14.03.250(c) is amended to read:

23 (c) The charter school shall provide the financial and accounting information  
24 requested by the local school board or the Department of Education [,] and shall  
25 cooperate with the local school district or the department in complying with the  
26 requirements of AS 14.17.910 [AS 14.17.190].

27 \* Sec. 12. AS 14.07.020 is amended by adding a new subsection to read:

28 (c) In implementing its duties under (a)(2) of this section, the department shall  
29 develop

30 (1) performance standards in reading, writing, and mathematics to be  
31 met at designated age levels by each student in public schools in the state; and

1 (2) a comprehensive system of student assessments, composed of  
2 multiple indicators of proficiency in reading, writing, and mathematics; this  
3 comprehensive system must

4 (A) be made available to all districts and regional educational  
5 attendance areas;

6 (B) include a developmental profile for students entering  
7 kindergarten or first grade; and

8 (C) include performance standards in reading, writing, and  
9 mathematics for students in age groups five through seven, eight through 10,  
10 and 11 - 14.

11 \* Sec. 13. AS 14.08.101 is amended by adding a new paragraph to read:

12 (11) employ a chief school administrator.

13 \* Sec. 14. AS 14.08.111(3) is amended to read:

14 (3) [EMPLOY A CHIEF SCHOOL ADMINISTRATOR AND] approve  
15 the employment of the professional administrators, teachers, and noncertificated  
16 personnel necessary to operate its schools;

17 \* Sec. 15. AS 14.09.010(b) is repealed and reenacted to read:

18 (b) A school district that enters into a contract described under (a)(1) of this  
19 section shall be reimbursed for

20 (1) at least 90 percent of the cost of operating the student transportation  
21 system if the transportation is provided by the school district; and

22 (2) 100 percent of the cost of operating the student transportation  
23 system when the transportation is provided under a contract with the school district.

24 \* Sec. 16. AS 14.09.010 is amended by adding a new subsection to read:

25 (d) The department shall apply the same criteria in determining eligibility for  
26 reimbursement under (b)(1) or (2) of this section.

27 \* Sec. 17. AS 14.11.008(b) is amended to read:

28 (b) The required participating share for a municipal school district is based on  
29 the district's full value per average daily membership (ADM), which is calculated  
30 by dividing the full and true value of the taxable real and personal property in the  
31 district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district

1 **ADM** [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in **AS 14.17.990**  
 2 [AS 14.17.250], for the same fiscal year for which the valuation was made. The  
 3 municipal district's full value per ADM determines the district's required participating  
 4 share, as follows:

Full Value Per ADM		District Participating Share
\$1	- \$100,000	5 percent
100,001	- 200,000	10 percent
200,001	- 600,000	30 percent
	over 600,000	35 percent.

10 \* **Sec. 18.** AS 14.14.115(c)(2) is amended to read:

11 (2) "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

12 \* **Sec. 19.** AS 14.14.130(a) is amended to read:

13 (a) **A** [EACH] school board **may** [SHALL] select and employ a qualified  
 14 person as the chief school administrator for the district. In this subsection, "employ"  
 15 includes employment by contract.

16 \* **Sec. 20.** AS 14.14.130(b) is amended to read:

17 (b) **If the district employs a** [THE] chief school administrator, **the**  
 18 **administrator** [OF THE DISTRICT] shall administer the district in accordance with  
 19 the policies that the school board prescribes by bylaw.

20 \* **Sec. 21.** AS 14.14.130(c) is amended to read:

21 (c) **If the district employs a** [THE] chief school administrator, **the**  
 22 **administrator** shall select, appoint, and otherwise control all school district employees  
 23 that serve under the chief school administrator subject to the approval of the school  
 24 board.

25 \* **Sec. 22.** AS 14.16.020(2) is amended to read:

26 (2) [EMPLOY CHIEF SCHOOL ADMINISTRATORS AND] approve  
 27 the employment of [OTHER] personnel necessary to operate state boarding schools;

28 \* **Sec. 23.** AS 14.16.050(a)(2) is amended to read:

29 (2) requirements relating to **the public school funding program**  
 30 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and  
 31 expenditure of that **fundin~~g~~** [ASSISTANCE]:

- 1 (A) AS 14.17.500 [AS 14.17.080] (relating to student count  
2 estimates);
- 3 (B) AS 14.17.505 [AS 14.17.082] (relating to school operating  
4 fund balances);
- 5 (C) AS 14.17.500 - 14.17.910 [AS 14.17.160 - 14.17.220]  
6 (setting out the procedure for payment of public school funding [FINANCIAL  
7 ASSISTANCE,] and imposing general requirements and limits on money paid);

8 \* Sec. 24. AS 14.16.080(a) is amended to read:

- 9 (a) AS 14.17.440 [AS 14.17.024] applies to the calculation of public school  
10 funding [STATE AID] payable for operation of a state boarding school.

11 \* Sec. 25. AS 14.20.025 is amended to read:

12 **Sec. 14.20.025. Limited teacher certificates.** Notwithstanding  
13 AS 14.20.020(b), a person may be issued a limited certificate, valid only in the area  
14 of expertise for which it is issued, to teach Alaska Native language or culture, military  
15 science, or a vocational or technical course for which the board determines by  
16 regulation that baccalaureate degree training is not sufficiently available. A limited  
17 certificate may be issued under this section only if the school board of the district or  
18 regional educational attendance area in which the person will be teaching  
19 [, THROUGH THE CHIEF SCHOOL ADMINISTRATOR,] has requested its issuance.  
20 A person who applies for a limited certificate shall demonstrate, as required by  
21 regulations adopted by the board, instructional skills and subject matter expertise  
22 sufficient to ensure the public that the person is competent as a teacher. The board  
23 may require a person issued a limited certificate to undertake academic training as may  
24 be required by the board by regulation and make satisfactory progress in the academic  
25 training.

26 \* Sec. 26. AS 14.20.147(a) is amended to read:

- 27 (a) When an attendance area is transferred from a currently operating district  
28 to, or absorbed into, a new or existing school district, the teachers for the attendance  
29 area also shall be transferred unless otherwise mutually agreed by the teacher or  
30 teachers and the chief school administrator of the new district if the district employs  
31 a chief school administrator. Accumulated or earned benefits, including [BUT NOT

1 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the  
2 teacher who is transferred.

3 \* **Sec. 27.** AS 14.20.148 is amended to read:

4 **Sec. 14.20.148. Intradistrict teacher reassignments.** When a teacher is  
5 involuntarily transferred or reassigned to a position for which the teacher is qualified,  
6 within the district, the teacher's moving expenses shall be paid unless the one-way  
7 driving distance is 20 miles or less from the teacher's present place of residence, or  
8 unless otherwise mutually agreed by the teacher and chief school administrator of the  
9 district **if the district employs a chief school administrator.**

10 \* **Sec. 28.** AS 14.20.177(a) is amended to read:

11 (a) A school district may implement a layoff plan under this section if it is  
12 necessary for the district to reduce the number of tenured teachers because

13 (1) school attendance in the district has decreased; or

14 (2) the basic need of the school district determined under

15 **AS 14.17.410(b)(1)** [AS 14.17.021(c) AND ADJUSTED UNDER AS 14.17.225(b)]  
16 decreases by three percent or more from the previous year.

17 \* **Sec. 29.** AS 14.30.305 is amended to read:

18 **Sec. 14.30.305. State support of programs for children hospitalized or**  
19 **confined to their homes.** A child who is hospitalized or confined to home and who  
20 receives at least 10 hours of special education and related services per week may be  
21 counted as a pupil in average daily membership when computing state support under  
22 the public school **funding** [FOUNDATION] program.

23 \* **Sec. 30.** AS 14.30.347 is amended to read:

24 **Sec. 14.30.347. Transportation of exceptional children.** When transportation  
25 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall  
26 be carried with other children **if the district provides transportation to other**  
27 **children in the district** [,] except when the nature of **the** [THEIR] physical or mental  
28 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional  
29 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be  
30 transported separately. State reimbursement for transportation of exceptional children  
31 shall be as provided for transportation of all other pupils except that eligibility for



1	CONSTRUCTION DEBT (AS 14.11.100)	\$
2	MUNICIPAL TAX RESOURCE EQUALIZATION	
3	(AS 29.60.010 - 29.60.080)	\$
4	PRIORITY REVENUE SHARING FOR	
5	MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
6	REVENUE SHARING FOR SAFE COMMUNITIES	
7	(AS 29.60.350 - 29.60.375)	\$
8	TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
12		
13		
14	<b>PUBLIC SCHOOL <u>FUNDING</u></b>	
15	[FOUNDATION] PROGRAM	
16	ASSISTANCE	.... MILLS    .... MILLS
17	STATE AID FOR RETIREMENT	
18	OF SCHOOL CONSTRUCTION	
19	DEBT	... .MILLS    ... .MILLS
20	MUNICIPAL TAX RESOURCE	
21	EQUALIZATION	... .MILLS    ... .MILLS
22	PRIORITY REVENUE FOR SHARING	
23	MUNICIPAL SERVICES	... .MILLS    ... .MILLS
24	REVENUE SHARING FOR SAFE	
25	COMMUNITIES	... .MILLS    ... .MILLS
26	TOTAL MILLAGE	
27	EQUIVALENT	... .MILLS    ... .MILLS"

Notice shall be provided **by**

(1) [BY] furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) [BY] publishing in a newspaper of general circulation in the

1 municipality a copy of the notice once each week for a period of three successive  
2 weeks, with publication to occur not later than 45 days after the final adoption of the  
3 municipality's budget.

4 \* **Sec. 34.** AS 29.60.030(d) is amended to read:

5 (d) The full and true assessed property value shall be determined by the  
6 department in the manner provided for the computation of state aid to education under  
7 AS 14.17.510 [AS 14.17.140]. When the determination of locally generated revenue  
8 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true  
9 assessed property value must include the computed assessed value of the utility,  
10 determined by dividing the amount of the payment in place of taxes made by the  
11 utility by the millage rate that would apply to the utility if the utility were subject to  
12 levy and collection of taxes under AS 29.45.

13 \* **Sec. 35.** AS 36.10.090(b) is amended to read:

14 (b) A local government or school district covered by the provisions of this  
15 chapter that is found to be in violation of these provisions may be required to forfeit  
16 all or part of the state aid made available for the project in which the violation occurs  
17 and in addition may be denied up to 12 months of state revenue sharing or public  
18 school funding [FOUNDATION MONEY]. A state department or agency head found  
19 to be in violation of this chapter may be required to forfeit the position of department  
20 or agency head.

21 \* **Sec. 36.** AS 36.10.125(c) is amended to read:

22 (c) In an action brought under (b) of this section, the court may, in its  
23 discretion, order denial of state revenue sharing or public school funding  
24 [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other  
25 relief. If the court finds for the plaintiff in an action brought under (b) of this section,  
26 it may award the plaintiff an amount equal to the actual costs and attorney fees  
27 incurred by the plaintiff.

28 \* **Sec. 37.** AS 36.30.850(b) is amended by adding a new paragraph to read:

29 (38) contracts of the Department of Education under AS 14.03.123(g).

30 \* **Sec. 38.** AS 44.47.305(c) is amended to read:

31 (c) A grant under (a) of this section may not exceed \$50 per month for each

1 child the child care facility cares for, or for each full-time equivalent, as determined  
 2 by the department. The grant shall be adjusted on a geographic basis by the same  
 3 **factor** [PERCENTAGES] as **funding for a school district is** [INSTRUCTIONAL  
 4 UNIT ALLOTMENTS ARE] adjusted under **AS 14.17.460** [AS 14.17.051].

5 \* **Sec. 39.** AS 14.16.050(a)(1)(G); AS 14.17.010, 14.17.021, 14.17.022, 14.17.024,  
 6 14.17.025, 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051,  
 7 14.17.056, 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200,  
 8 14.17.210, 14.17.220, 14.17.225, 14.17.250; and AS 14.30.315(a) are repealed.

9 \* **Sec. 40. TRANSITION: REGULATIONS.** (a) To the extent the regulations are not  
 10 inconsistent with the language and purposes of this Act, regulations relating to state aid for  
 11 public schools adopted by the Department of Education before the effective date of this  
 12 section remain in effect as valid regulations implementing this Act; all other regulations  
 13 relating to state aid for public schools adopted by the Department of Education before the  
 14 effective date of this section are annulled. The Department of Education may administer and  
 15 enforce those previously adopted regulations relating to state foundation aid for public schools.

16 (b) The Department of Education shall, by regulation, define the term "school" for  
 17 purposes of AS 14.17.

18 \* **Sec. 41. TRANSITION: PROPOSED DISTRICT COST FACTORS.** The Department  
 19 of Education shall submit the initial proposed district cost factors, required under  
 20 AS 14.17.460(b), enacted in sec. 2 of this Act, to the Alaska State Legislature by January 15,  
 21 2001.

22 \* **Sec. 42. TRANSITION: CENTRALIZED CORRESPONDENCE FUNDING.**  
 23 Notwithstanding AS 14.17.430, as enacted by sec. 2 of this Act, funding for a correspondence  
 24 study program includes an allocation from the public school account in an amount calculated  
 25 by multiplying the ADM of the correspondence program by the base student allocation and  
 26 multiplying that product by a percentage as follows:

For the fiscal year beginning	Percentage
July 1, 1998	70 percent
July 1, 1999	75 percent

30 \* **Sec. 43. TRANSITION: MINIMUM EXPENDITURE FOR INSTRUCTION.**  
 31 Notwithstanding AS 14.17.520, enacted in sec. 2 of this Act, the minimum expenditure for the

1 instructional component of the school district budget is as follows:

2	For the fiscal year beginning	Minimum expenditure
3	July 1, 1998	60 percent
4	July 1, 1999	65 percent

5 \* **Sec. 44. TRANSITION: SPECIAL EDUCATION FUNDING.** If, for fiscal year 1999,  
6 the special education service agency would receive less funding under AS 14.30.650, as  
7 amended by sec. 31 of this Act, than the agency would have received for fiscal year 1999  
8 under AS 14.30.650 as that provision read before the effective date of this Act, the agency is  
9 eligible to receive additional state funding for fiscal year 1999 equal to the difference between  
10 the state funding the agency is eligible to receive under AS 14.30.650, as amended by sec. 31  
11 of this Act, and the state funding the agency is eligible to receive on the day before the  
12 effective date of this Act.

13 \* **Sec. 45. REQUIRED REPORT.** The Department of Education shall compare the use of  
14 per school funding required under this Act to the use of funding communities required in  
15 AS 14.17 before the effective date of this Act and submit a report to the Alaska State  
16 Legislature by January 15, 2001.

17 \* **Sec. 46.** This Act takes effect July 1, 1998.

	B	H	U	E	F	G	H	I	J	K
1	Alaska Department of Education									
2	Foundation Program; CSSB 36(FIN) am									
3	Comparison @ 45									
4	May 6, 1998									
5	FY99	D - E			@ 100%	F + G				
6		CS 8836	Existing			Net Change	Quality			% Change
7	School	Proposed	Foundation	Difference:	Floor	State Aid	Grant	Net		In
8	District:	State Aid:	State Aid:			Plus Floor:	3,200,000	Change		State Aid
9	Alaska Gateway	4,861,181	4,988,882	(127,701)	127,701	-	20,280	20,280		0.41%
10	Aleutian Region	1,106,389	1,294,229	(187,840)	187,840	-	4,512	4,512		0.35%
11	Aleutians East	3,589,129	3,514,644	74,485	-	74,485	16,330	90,815		2.38%
12	Anchorage	196,131,471	188,019,815	8,092,656	-	8,092,656	999,797	9,092,453		4.84%
13	Annette Island	1,667,644	1,730,838	(63,194)	63,194	-	10,064	10,064		0.58%
14	Bering Strait	18,377,248	17,449,778	927,470	-	927,470	83,741	1,011,211		5.79%
15	Bristol Bay	1,811,429	1,654,521	156,908	-	156,908	10,948	167,856		10.15%
16	Chatham	2,517,134	2,337,557	179,577	-	179,577	12,096	191,673		8.20%
17	Chugach	1,077,415	1,515,697	(438,282)	438,282	-	4,638	4,638		0.31%
18	Copper River	5,894,228	6,225,778	(331,550)	331,550	-	23,254	23,254		0.37%
19	Cordova	2,876,299	2,868,602	7,697	-	7,697	13,881	21,578		0.75%
20	Craig	2,436,993	2,502,192	(65,199)	65,199	-	10,965	10,965		0.44%
21	Delta/Grady	4,703,246	4,790,289	(87,043)	87,043	-	21,474	21,474		0.45%
22	Denali	3,013,409	2,659,400	354,009	-	354,009	13,580	367,589		13.82%
23	Dillingham	3,866,408	3,977,867	(111,459)	111,459	-	18,066	18,066		0.45%
24	Fairbanks	67,382,417	64,607,118	2,775,299	-	2,775,299	346,572	3,121,871		4.83%
25	Galena	5,755,784	6,649,592	(893,808)	893,808	-	22,825	22,825		0.34%
26	Haines	2,282,590	2,141,412	141,178	-	141,178	11,567	152,745		7.13%
27	Hoonah	1,997,769	2,044,737	(46,968)	46,968	-	8,328	8,328		0.41%
28	Hydaburg	1,059,156	1,191,627	(132,471)	132,471	-	4,231	4,231		0.36%
29	Iditarod	5,119,621	5,278,870	(159,249)	159,249	-	21,990	21,990		0.42%
30	Juneau	21,149,891	20,166,492	983,399	-	983,399	119,023	1,102,422		5.47%
31	Kake	1,324,937	1,466,725	(141,788)	141,788	-	5,659	5,659		0.39%
32	Kashunamiut	2,515,436	2,395,395	120,041	-	120,041	10,756	130,797		5.46%
33	Kenai Peninsula	44,723,766	42,073,799	2,649,967	-	2,649,967	235,855	2,885,822		6.86%
34	Ketchikan	10,173,093	8,752,133	1,420,960	-	1,420,960	57,410	1,478,370		16.89%
35	Klawock	1,424,239	1,580,522	(156,283)	156,283	-	6,209	6,209		0.39%
36	Kodiak Island	14,324,112	13,876,822	447,290	-	447,290	72,206	519,496		3.74%
37	Kuspuk	5,332,680	5,513,829	(181,149)	181,149	-	22,732	22,732		0.41%
38	Lake & Peninsula	6,917,993	6,743,387	174,606	-	174,606	28,802	293,408		3.02%
39	Lower Kuskokwim	34,288,515	38,671,330	(4,382,815)	4,382,815	-	149,812	149,812		0.39%
40	Lower Yukon	16,352,783	14,928,605	1,424,178	-	1,424,178	75,228	1,499,406		10.04%
41	Mat-Su	58,407,964	58,161,852	246,112	-	246,112	266,331	512,443		0.88%
42	Nenana	1,534,811	1,916,854	(382,043)	382,043	-	6,252	6,252		0.33%
43	Nome	5,164,776	5,466,779	(302,003)	302,003	-	22,630	22,630		0.41%
44	North Slope	10,119,375	11,886,868	(1,567,493)	-	(1,567,493)	77,149	(1,490,344)		-12.75%
45	Northwest Arctic	20,743,866	18,530,116	2,213,750	-	2,213,750	91,006	2,304,756		12.44%
46	Pellican	358,398	605,426	(247,028)	247,028	-	1,605	1,605		0.27%
47	Petersburg	3,786,509	3,385,160	401,349	-	401,349	18,479	419,828		12.40%
48	Pribilof	1,927,823	1,883,539	44,284	-	44,284	8,820	53,104		2.82%
49	Sitka	7,039,601	6,142,485	897,116	-	897,116	37,509	934,625		15.22%
50	Skagway	639,737	796,690	(156,953)	156,953	0	4,533	4,534		0.57%
51	Southeast Island	2,377,048	2,765,941	(388,893)	388,893	-	10,881	10,881		0.39%
52	Southwest Region	7,838,670	7,597,531	39,139	-	39,139	33,538	72,677		0.96%
53	St. Mary's	1,250,329	1,555,616	(305,287)	305,287	-	5,136	5,136		0.33%
54	Tanana	1,278,152	1,381,184	(105,032)	105,032	-	5,180	5,180		0.38%
55	Unalaska	1,732,152	2,111,386	(379,234)	379,234	(0)	12,276	12,276		0.58%
56	Valdez	3,180,739	3,670,718	(509,979)	509,979	0	22,595	22,595		0.62%
57	Wrangell	2,547,885	2,509,373	38,512	-	38,512	12,472	50,984		2.03%
58	Yakutat	1,410,669	1,429,670	(19,001)	19,001	-	6,102	6,102		0.43%
59	Yukon Flats	5,429,589	6,158,915	(729,326)	729,326	-	23,378	23,378		0.38%
60	Yukon/Koyukuk	6,345,623	6,788,379	(442,756)	442,756	-	28,239	28,239		0.42%
61	Yupik	3,916,416	4,250,129	(333,713)	333,713	-	18,298	18,298		0.43%
62	ACS	4,559,897	3,996,324	563,573	-	563,573	17,771	581,344		14.55%
63	Mt. Edgecumbe	1,793,132	1,717,150	75,982	-	75,982	6,988	82,970		4.83%
64	Other	26,096,071	26,096,071	-	-	-	-	-		0.00%
66	TOTAL:	\$675,309,637	\$664,235,640	\$11,073,997	\$11,808,047	\$22,882,044	\$3,200,000	\$26,082,044		

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	C	D	E	F	G	H	I	J
1	Alaska Department of Education							
2	Foundation Program; CSSB 36(FIN) am							
3	C + E + F						H x I	
4	May 8, 1998	Correspondence				Adj. For	Adj	
5	FY98	In		Out		School	for	
6	School	Projected	Students	Students	Total	Size	District	Cost
7	District:	ADM:	ADM:	ADM:	ADM:	ADM:	Cost	Product:
8								
9	Alaska Gateway	494.00	28.00		522.00	824.53	1.291	1,064.47
10	Aleutian Region	67.00			67.00	141.48	1.736	245.61
11	Aleutians East	345.00			345.00	615.92	1.423	876.45
12	Anchorage	47,832.75			47,832.75	51,565.90	1.000	51,565.90
13	Annette Island	389.00	2.00		391.00	532.32	1.011	538.18
14	Bering Strait	1,809.41			1,809.41	2,978.24	1.525	4,541.82
15	Bristol Bay	308.00			308.00	465.64	1.262	587.64
16	Chatham	297.00			297.00	580.44	1.120	650.09
17	Chugach	81.00	45.00	20.00	146.00	161.63	1.294	209.15
18	Copper River	606.50	37.00	186.00	829.50	942.91	1.176	1,108.86
19	Cordova	530.00			530.00	678.00	1.096	743.09
20	Craig	408.00	30.00	9.00	447.00	552.84	1.010	558.37
21	Delta/Greely	734.00	90.00		824.00	980.04	1.106	1,083.92
22	Denali	352.00	3.00		355.00	561.50	1.313	737.25
23	Dillingham	619.00			619.00	767.63	1.254	962.61
24	Fairbanks	15,957.50	490.00		16,447.50	17,129.37	1.039	17,797.42
25	Galena	222.00		1,157.00	1,379.00	337.14	1.348	454.46
26	Haines	429.00	9.00		438.00	602.16	1.008	606.98
27	Hoonah	270.00			270.00	398.10	1.055	420.00
28	Hydaburg	125.00			125.00	208.45	1.085	226.17
29	Iditarod	436.00			436.00	800.12	1.470	1,176.18
30	Juneau	5,721.00	29.00		5,750.00	6,112.51	1.005	6,143.07
31	Kake	190.00			190.00	296.50	1.025	303.91
32	Kashunamiut	279.00			279.00	409.53	1.389	568.84
33	Kenai Peninsula	10,243.96	98.00		10,341.96	12,490.18	1.004	12,540.14
34	Ketchikan	2,650.00	69.00		2,719.00	3,029.12	1.000	3,029.12
35	Klawock	215.00			215.00	328.21	1.017	333.83
36	Kodiak Island	2,819.00	78.00		2,897.00	3,502.80	1.093	3,828.56
37	Kuspuk	510.00			510.00	854.21	1.434	1,224.94
38	Lake & Peninsula	513.00	5.00		518.00	1,001.52	1.558	1,560.37
39	Lower Kuskokwim	3,642.00			3,642.00	5,399.65	1.491	8,050.88
40	Lower Yukon	1,850.60			1,850.60	2,841.94	1.438	4,086.71
41	Mat-Su	12,045.00	596.00		12,641.00	13,342.03	1.010	13,475.43
42	Nenana	135.00	20.00	65.00	220.00	223.35	1.270	283.65
43	Nome	789.00			789.00	930.78	1.319	1,227.70
44	North Slope	2,037.00			2,037.00	2,781.22	1.504	4,182.95
45	Northwest Arctic	2,233.00	15.00		2,248.00	3,183.62	1.549	4,931.43
46	Pelican	38.00			38.00	67.72	1.290	37.36
47	Petersburg	775.00			775.00	993.42	1.000	993.42
48	Pribilof	196.00			196.00	335.40	1.419	475.93
49	Sitka	1,680.00	70.00		1,750.00	1,953.50	1.000	1,953.50
50	Skagway	130.00			130.00	215.90	1.143	246.77
51	Southeast Island	259.00	10.00		269.00	521.03	1.124	585.64
52	Southwest Region	779.20			779.20	1,274.19	1.423	1,813.17
53	St. Mary's	133.00			133.00	206.96	1.351	279.60
54	Tanana	111.00	2.00		113.00	187.59	1.496	280.63
55	Unalaska	390.00			390.00	533.40	1.245	664.08
56	Valdez	895.00			895.00	1,100.43	1.095	1,204.97
57	Wrangell	498.25	10.00	6.00	514.25	647.42	1.000	647.42
58	Yakutat	178.00			178.00	305.62	1.046	319.68
59	Yukon Flats	409.00	35.00		444.00	748.94	1.668	1,249.23
60	Yukon/Koyukuk	554.00			554.00	1,004.00	1.502	1,508.01
61	Yup'it	412.00			412.00	675.20	1.469	991.87
62	ACS	0.00		1,658.38	1,658.38	0.00	1.000	0.00
63	Mt. Edgecumbe	306.00			306.00	380.42	1.000	380.42
64	Other							
66	TOTALS:	125,928.17	1,771.00	3,101.38	130,800.55	149,702.71	68.00	185,607.87

	E	K	M	O	P	Q	S	T
1	Alaska Department of Education							
2	Foundation Program; CSSB 36(FIN) am							
3		J x 1.20		M x 5	K + O	E x 1	F x .65	F + Q + S
4	May 6, 1998	Special Education	Special Education	Adj.	Adjusted	Correspondence		
5	FY98	Factor	Intensive:	Intensive	Students +	In	Out	District
6	School	1.20	3.00	Education:	Special	District	District	Adjusted
7	District:				Education:	0.80	0.30	ADM:
8								
9	Alaska Gateway	1,277.36	5.00	25.00	1,302.36	22.40	0.00	1,324.76
10	Aleutian Region	294.73	0.00	0.00	294.73	0.00	0.00	294.73
11	Aleutians East	1,051.74	3.00	15.00	1,066.74	0.00	0.00	1,066.74
12	Anchorage	61,879.08	686.00	3,430.00	65,309.08	0.00	0.00	65,309.08
13	Annette Island	645.82	2.00	10.00	655.82	1.60	0.00	657.42
14	Bering Strait	5,450.18	4.00	20.00	5,470.18	0.00	0.00	5,470.18
15	Bristol Bay	705.17	2.00	10.00	715.17	0.00	0.00	715.17
16	Chatham	780.11	2.00	10.00	790.11	0.00	0.00	790.11
17	Chugach	250.98	0.00	0.00	250.98	36.00	16.00	302.98
18	Copper River	1,330.63	2.00	10.00	1,340.63	29.60	148.80	1,519.03
19	Cordova	891.71	3.00	15.00	906.71	0.00	0.00	906.71
20	Craig	676.04	3.00	15.00	685.04	24.00	7.20	716.24
21	Del. v Greely	1,300.70	6.00	30.00	1,330.70	72.00	0.00	1,402.70
22	Denali	884.70	0.00	0.00	884.70	2.40	0.00	887.10
23	Dillingham	1,155.13	5.00	25.00	1,180.13	0.00	0.00	1,180.13
24	Fairbanks	21,356.90	178.00	890.00	22,246.90	392.00	0.00	22,638.90
25	Galena	545.35	4.00	20.00	565.35	0.00	925.60	1,490.95
26	Maines	728.38	4.00	20.00	748.38	7.20	0.00	755.58
27	Hoonah	504.00	8.00	40.00	544.00	0.00	0.00	544.00
28	Hydaburg	271.40	1.00	5.00	276.40	0.00	0.00	276.40
29	Iditarod	1,411.42	5.00	25.00	1,436.42	0.00	0.00	1,436.42
30	Juneau	7,371.68	76.00	380.00	7,751.68	23.20	0.00	7,774.88
31	Keke	364.69	1.00	5.00	369.69	0.00	0.00	369.69
32	Kashunamiut	682.61	4.00	20.00	702.61	0.00	0.00	702.61
33	Kenai Peninsula	15,048.17	56.00	280.00	15,320.17	78.40	0.00	15,406.57
34	Ketchikan	3,634.94	12.00	60.00	3,694.94	55.20	0.00	3,750.14
35	Klawock	400.60	1.00	5.00	405.60	0.00	0.00	405.60
36	Kodiak Island	4,594.27	12.00	60.00	4,654.27	62.40	0.00	4,716.67
37	Kuspuk	1,469.93	3.00	15.00	1,484.93	0.00	0.00	1,484.93
38	Lake & Peninsula	1,872.44	1.00	5.00	1,877.44	4.00	0.00	1,881.44
39	Lower Kuskokwim	9,661.06	25.00	125.00	9,786.06	0.00	0.00	9,786.06
40	Lower Yukon	4,904.05	2.00	10.00	4,914.05	0.00	0.00	4,914.05
41	Mat-Su	16,170.54	150.00	750.00	16,920.54	476.80	0.00	17,397.34
42	Nenana	340.38	0.00	0.00	340.38	16.00	52.00	408.38
43	Nome	1,473.24	1.00	5.00	1,478.24	0.00	0.00	1,478.24
44	North Slope	5,019.54	4.00	20.00	5,039.54	0.00	0.00	5,039.54
45	Northwest Arctic	5,917.72	3.00	15.00	5,932.72	12.00	0.00	5,944.72
46	Pelican	104.83	0.00	0.00	104.83	0.00	0.00	104.83
47	Petersburg	1,192.10	3.00	15.00	1,207.10	0.00	0.00	1,207.10
48	Pribilof	571.12	1.00	5.00	576.12	0.00	0.00	576.12
49	Sitka	2,344.20	10.00	50.00	2,394.20	56.00	0.00	2,450.20
50	Skagway	296.12	0.00	0.00	296.12	0.00	0.00	296.12
51	Southeast Island	702.77	0.00	0.00	702.77	8.00	0.00	710.77
52	Southwest Region	2,175.80	3.00	15.00	2,190.80	0.00	0.00	2,190.80
53	St. Mary's	335.52	0.00	0.00	335.52	0.00	0.00	335.52
54	Tanana	336.76	0.00	0.00	336.76	1.60	0.00	338.36
55	Unalaska	796.90	1.00	5.00	801.90	0.00	0.00	801.90
56	Valdez	1,445.96	6.00	30.00	1,475.96	0.00	0.00	1,475.96
57	Wrangell	776.90	5.00	25.00	801.90	8.00	4.80	814.70
58	Yakutat	383.62	3.00	15.00	398.62	0.00	0.00	398.62
59	Yukon Flat.	1,499.08	0.00	0.00	1,499.08	28.00	0.00	1,527.08
60	Yukon/Koyukuk	1,809.61	7.00	35.00	1,844.61	0.00	0.00	1,844.61
61	Yupik	1,190.24	1.00	5.00	1,195.24	0.00	0.00	1,195.24
62	ACS	0.00	0.00	0.00	0.00	0.00	1,160.87	1,160.87
63	Mt. Edgecumbe	456.50	0.00	0.00	456.50	0.00	0.00	456.50
64	Other							
66	TOTALS:	198,729.42	1,314.00	6,570.00	205,299.42	1,416.80	2,315.27	209,031.49

	B	U	V	W	X	Y	Z
1	Alaska Department of Education						
2	Foundation Program; CSSB 36(FIN) am		Base Student Allocation			82,044	
3		T x	AS 14,17,470	83,628			U - V - Y
4	May 6, 1998	\$3,928					
5	FY99						
6	School District:	State Support:	Required Local:	Federal Impact Aid:	Impact Aid Percent:	Deductible Impact Aid 90.0%	State Share:
8							
9	Alaska Gateway	5,203,657	-	380,529	100.00%	342,476	4,861,181
10	Alutian Region	1,157,699	-	57,011	100.00%	51,310	1,106,389
11	Aleutians East	4,190,155	365,761	509,562	51.30%	235,265	3,589,129
12	Anchorage	256,534,066	55,828,890	8,314,618	61.12%	4,573,705	196,131,471
13	Annetta Island	2,582,345	-	1,016,335	100.00%	914,702	1,667,644
14	Bering Strait	21,486,867	-	3,455,132	100.00%	3,109,619	18,377,248
15	Bristol Bay	2,809,188	860,657	240,580	63.32%	137,102	1,811,429
16	Chatham	3,103,552	-	651,576	100.00%	586,418	2,517,134
17	Chugach	1,190,105	-	125,211	100.00%	112,690	1,077,415
18	Copper River	5,966,750	-	80,580	100.00%	72,522	5,894,228
19	Cordova	3,561,557	674,600	19,032	62.22%	10,658	2,876,299
20	Craig	2,813,391	367,686	16,690	58.00%	8,712	2,436,993
21	Delta/Grady	5,509,806	-	896,178	100.00%	806,560	4,703,246
22	Denali	3,484,529	459,758	27,613	45.72%	11,362	3,013,409
23	Dillingham	4,635,551	608,522	335,087	53.28%	160,621	3,866,408
24	Fairbanks	88,925,599	17,779,142	6,593,515	63.43%	3,764,040	67,382,417
25	Galena	5,856,452	412	314,774	10.88%	30,256	5,755,784
26	Haines	2,967,918	674,832	18,985	61.43%	10,496	2,282,590
27	Hoonah	2,136,832	98,904	238,598	18.67%	40,159	1,997,769
28	Hydaburg	1,085,699	23,809	17,039	17.83%	2,734	1,059,156
29	Iditarod	5,642,258	-	580,708	100.00%	522,637	5,119,621
30	Juneau	30,539,729	9,380,326	16,954	62.34%	9,512	21,149,891
31	Kake	1,452,142	69,431	281,923	22.77%	57,774	1,324,937
32	Kashmir	2,759,852	-	271,573	100.00%	244,416	2,515,436
33	Kenai Peninsula	60,517,007	15,751,444	83,078	55.90%	41,797	44,723,766
34	Ketchikan	14,730,550	4,552,513	8,986	61.13%	4,944	10,173,093
35	Klawock	1,593,197	62,627	274,629	43.02%	106,331	1,424,239
36	Kodiak Island	18,527,080	3,588,780	1,081,508	63.10%	614,188	14,324,112
37	Kuspuk	5,832,805	-	555,694	100.00%	500,125	5,332,680
38	Lake & Peninsula	7,390,296	238,770	1,028,381	21.99%	203,527	6,917,993
39	Lower Kuskokwim	38,439,644	-	4,612,365	100.00%	4,151,129	34,288,515
40	Lower Yukon	19,302,388	-	3,277,339	100.00%	2,949,605	16,352,783
41	Mat-Su	68,336,752	9,922,503	14,639	44.67%	5,885	58,407,964
42	Nanana	1,604,117	66,968	2,526	88.79%	2,338	1,534,811
43	Nome	5,806,527	626,146	43,424	39.93%	15,605	5,164,776
44	North Slope	19,795,313	8,907,890.85	2,648,619	32.22%	768,047	10,119,375
45	Northwest Arctic	23,350,860	1,484,493	2,240,789	55.66%	1,122,501	20,743,866
46	Pelican	411,772	53,374	-	85.72%	-	358,398
47	Petersburg	4,741,489	947,600	15,861	51.70%	7,380	3,786,509
48	Pribilof	2,262,999	-	372,418	100.00%	335,176	1,927,823
49	Sitka	9,624,386	2,500,230	158,779	59.17%	84,555	7,039,601
50	Skagway	1,163,159	523,421.55	-	69.59%	-	639,737
51	Southeast Island	2,791,905	-	460,952	100.00%	414,857	2,377,048
52	Southwest Region	8,605,462	-	1,076,436	100.00%	968,792	7,636,670
53	St. Mary's	1,317,923	17,993	122,527	44.98%	49,601	1,250,329
54	Tanana	1,329,078	23,286	178,213	18.48%	29,640	1,276,152
55	Unalaska	3,149,863	1,417,438.35	363	83.53%	273	1,732,152
56	Valdez	5,797,571	2,608,906.95	43,787	70.86%	27,925	3,160,739
57	Wrangell	3,200,142	651,476	1,812	47.88%	781	2,547,885
58	Yakutat	1,565,779	144,356	39,086	30.57%	10,754	1,410,669
59	Yukon Flats	5,998,370	-	631,979	100.00%	568,781	5,429,589
60	Yukon/Koyukuk	7,245,628	-	1,000,006	100.00%	900,005	6,345,623
61	Yupik	4,694,903	-	864,985	100.00%	778,487	3,916,416
62	ACS	4,559,897	-	-	100.00%	-	4,559,897
63	Mt. Edgecumbe	1,793,132	-	-	100.00%	-	1,793,132
64	Other						26,096,071
66	TOTALS:	\$821,075,694	\$141,383,353	\$45,299,784		\$30,478,775	\$675,309,637

	A	B	D	G
1	Alaska Department of Education			
2	Foundation Program; CSSB 36(FIN) am			
3	Required Local Effort Calculation			
4	May 6, 1998			
5	FY98		G X .004	
6		Required		
7		Local	Mill Rate	1997 Full
8	School District:	Effort:	0.0040	Determination:
9	Alaska Gateway	-	-	-
10	Aleutian Region	-	-	-
11	Aleutians East	365,761	365,761	91,440,300
12	Anchorage	55,828,890	55,828,890	13,957,222,570
13	Annette Island	-	-	-
14	Bering Strait	-	-	-
15	Bristol Bay	860,657	860,657	215,164,218
16	Chatham	-	-	-
17	Chugach	-	-	-
18	Copper River	-	-	-
19	Cordova	674,600	674,600	168,650,100
20	Craig	367,686	367,686	91,921,400
21	Delta/Greely	-	-	-
22	Denali	459,758	459,758	114,939,500
23	Dillingham	608,522	608,522	152,130,600
24	Fairbanks	17,779,142	17,779,142	4,444,785,400
25	Galena	70,412	70,412	17,603,000
26	Haines	674,832	674,832	168,708,000
27	Hoonah	98,904	98,904	24,725,900
28	Hydaburg	23,809	23,809	5,952,200
29	Iditarod	-	-	-
30	Juneau	9,380,326	9,380,326	2,345,081,400
31	Kake	69,431	69,431	17,357,800
32	Kashunamiut	-	-	-
33	Kanal Peninsula	15,751,444	15,751,444	3,937,860,920
34	Ketchikan	4,552,513	4,552,513	1,138,128,200
35	Klawock	62,627	62,627	15,656,700
36	Kodiak Island	3,588,780	3,588,780	897,194,900
37	Kuspuk	-	-	-
38	Lake & Peninsula	268,776	268,776	67,193,900
39	Lower Kuskokwim	-	-	-
40	Lower Yukon	-	-	-
41	Mat-Su	9,922,903	9,922,903	2,480,725,840
42	Nenana	66,968	66,968	16,742,100
43	Nome	626,146	626,146	156,536,400
44	North Slope	8,907,890.85	45% 19,795,313	11,749,014,490
45	Northwest Arctic	1,484,493	1,484,493	371,123,200
46	Palican	53,374	53,374	13,343,500
47	Petersburg	947,600	947,600	236,900,000
48	Pribilof	-	-	-
49	Sitka	2,500,230	2,500,230	625,057,600
50	Skagway	523,421.55	46% 559,358	139,839,400
51	Southeast Island	-	-	-
52	Southwest Region	-	-	-
53	St. Mary's	17,993	17,993	4,498,200
54	Tanana	23,286	23,286	5,821,600
55	Unalaska	1,417,438.35	45% 1,511,123	377,780,800
56	Valdez	2,608,906.95	40% 3,774,555	943,638,760
57	Wrangell	651,476	651,476	162,869,100
58	Yakutat	144,356	144,356	36,089,000
59	Yukon Flats	-	-	-
60	Yukon/Koyukuk	-	-	-
61	Yupit	-	-	-
62	ACS	-	-	-
63	Mt. Edgecumbe	-	-	-
64	Other	-	-	-
66	TOTAL:	\$141,383,353	\$153,566,044	\$45,191,696,998

	B	D	E	F	G	H	I	J	K
1	Alaska Department of Education								
2	Foundation Program; CSSB 38(FIN) am								
3	Transition Calculation								
4	May 6, 1998								
5	FY99		E + F			G - H		I x 100%	
6		Mill	Total	Additional	Foundation	SB36		Difference	
7		Rate:	Foundation:	District	Plus	State		@	Floor
8	School District:			Support:	Single Site:	Aid:	Difference:	100.0%	Adjustment
9	Alaska Gateway	4.000	4,988,882		4,988,882	4,861,181	127,701	127,701	127,701
10	Aleutian Region	4.000	1,176,499	117,730	1,294,229	1,106,389	187,840	187,840	187,840
11	Aleutians East	7.700	3,514,644		3,514,644	3,589,129	(74,485)	(74,485)	-
12	Anchorage	6.500	188,038,815		188,038,815	196,131,471	(8,092,656)	(8,092,656)	-
13	Annette Island	4.000	1,569,188	161,650	1,730,838	1,667,644	63,194	63,194	63,194
14	Bering Strait	4.000	17,449,778		17,449,778	18,377,248	(927,470)	(927,470)	-
15	Bristol Bay	6.200	1,654,521		1,654,521	1,811,429	(156,908)	(156,908)	-
16	Chatham	4.000	2,337,557		2,337,557	2,517,134	(179,577)	(179,577)	-
17	Chugach	4.000	1,515,697		1,515,697	1,077,415	438,282	438,282	438,282
18	Copper River	4.000	6,225,778		6,225,778	5,894,228	331,550	331,550	331,550
19	Cordova	6.400	2,702,072	166,530	2,868,602	2,876,299	(7,697)	(7,697)	-
20	Craig	6.600	2,322,242	179,950	2,502,192	2,436,993	65,199	65,199	65,199
21	Delta/Grady	4.000	4,790,289		4,790,289	4,703,246	87,043	87,043	87,043
22	Denali	8.700	2,659,400		2,659,400	3,013,409	(354,009)	(354,009)	-
23	Dillingham	7.000	3,757,667	220,200	3,977,867	3,866,408	111,459	111,459	111,459
24	Fairbanks	6.600	64,607,118		64,607,118	67,382,417	(2,775,299)	(2,775,299)	-
25	Galena	34.600	6,649,592		6,649,592	5,755,784	893,808	893,808	893,808
26	Haines	6.600	2,141,412		2,141,412	2,282,590	(141,178)	(141,178)	-
27	Hoonah	21.600	1,918,467	126,270	2,044,737	1,997,769	46,968	46,968	46,968
28	Hydaburg	6.400	1,083,657	107,970	1,191,627	1,059,156	132,471	132,471	132,471
29	Iditarod	4.000	5,278,870		5,278,870	5,119,621	159,249	159,249	159,249
30	Juneau	6.400	20,166,492		20,166,492	21,149,891	(983,399)	(983,399)	-
31	Kake	9.800	1,325,815	140,910	1,466,725	1,324,937	141,788	141,788	141,788
32	Kashunamiut	4.000	2,235,575	159,820	2,395,395	2,515,436	(120,041)	(120,041)	-
33	Kenai Peninsula	7.200	42,073,799		42,073,799	44,723,766	(2,649,967)	(2,649,967)	-
34	Ketchikan	6.500	8,752,133		8,752,133	10,173,093	(1,420,960)	(1,420,960)	-
35	Klawock	5.500	1,427,412	153,110	1,580,522	1,424,239	156,283	156,283	156,283
36	Kodiak Island	6.300	13,876,822		13,876,822	14,324,112	(447,290)	(447,290)	-
37	Kuspuk	4.000	5,513,829		5,513,829	5,332,680	181,149	181,149	181,149
38	Lake & Peninsula	17.300	6,743,387		6,743,387	6,917,993	(174,606)	(174,606)	-
39	Lower Kuskokwim	4.000	38,671,330		38,671,330	34,288,515	4,382,815	4,382,815	4,382,815
40	Lower Yukon	4.000	14,928,605		14,928,605	16,352,783	(1,424,178)	(1,424,178)	-
41	Mat-Su	8.900	58,161,852		58,161,852	58,407,964	(246,112)	(246,112)	-
42	Nenana	4.200	1,735,074	181,780	1,916,854	1,534,811	382,043	382,043	382,043
43	Nome	8.400	5,181,309	285,470	5,466,779	5,164,776	302,003	302,003	302,003
44	North Slope	2.300	11,686,868		11,686,868	10,119,375	1,567,493	1,567,493	-
45	Northwest Arctic	6.200	18,530,116		18,530,116	20,743,866	(2,213,750)	(2,213,750)	-
46	Pelican	4.700	556,016	49,410	605,426	358,398	247,028	247,028	247,028
47	Petersburg	7.800	3,173,500	211,660	3,385,160	3,786,509	(401,349)	(401,349)	-
48	Pribilof	4.000	1,883,539		1,883,539	1,927,823	(44,284)	(44,284)	-
49	Sitka	6.800	6,142,485		6,142,485	7,039,601	(897,116)	(897,116)	-
50	Skagway	5.400	683,840	112,850	796,690	639,737	156,953	156,953	156,953
51	Southeast Island	4.000	2,765,941		2,765,941	2,377,048	388,893	388,893	388,893
52	Southwest Region	4.000	7,597,531		7,597,531	7,636,670	(39,139)	(39,139)	-
53	St. Mary's	8.900	1,414,706	140,910	1,555,616	1,250,329	305,287	305,287	305,287
54	Tanana	23.700	1,253,694	127,490	1,381,184	1,276,152	105,032	105,032	105,032
55	Unalaska	4.500	1,913,136	198,250	2,111,386	1,732,152	379,234	379,234	379,234
56	Valdez	4.000	3,404,758	265,960	3,670,718	3,160,739	509,979	509,979	509,979
57	Wrangell	8.200	2,312,953	196,420	2,509,373	2,547,885	(38,512)	(38,512)	-
58	Yakutat	12.400	1,428,670		1,428,670	1,410,669	19,001	19,001	19,001
59	Yukon Flats	4.000	6,158,915		6,158,915	5,429,589	729,326	729,326	729,326
60	Yukon/Koyukuk	4.000	6,788,379		6,788,379	6,345,623	442,756	442,756	442,756
61	Yupik	4.000	4,250,129		4,250,129	3,916,416	333,713	333,713	333,713
62	ACS	4.000	3,996,324		3,996,324	4,559,897	(563,573)	(563,573)	-
63	Mt. Edgecumbe	4.000	1,717,150		1,717,150	1,793,132	(75,982)	(75,982)	-
64	Other		26,096,071		26,096,071	26,096,071	-	-	-
66			\$660,931,300	\$3,304,340	\$664,235,640	\$675,309,837	(\$11,073,997)	(\$11,073,997)	\$11,808,047

	A	B	C	D	E	F	G	H
1	Alaska Department of Education							
2	Foundation Program; CSSB 36(FIN) am							
3	Required Local Effort & Maximum							
4	May 6, 1998							
5	FY98		B + C		B - E	E - D	D - E	
6			23% or		Tax & In-kind			
7			2 Mills		FY98		Amount	Room
8	School District:	Required	Allowable	Maximum	Budgeted	Amount to	Over	Under
		Effort	Excess	Local	Local	Meet Req.	Excess	Local Cap
9	Alaska Gateway	-	1,196,841	1,196,841	-	-	-	-
10	Aleutian Region	-	266,271	266,271	-	-	-	-
11	Aleutians East	365,761	963,736	1,329,497	708,000	-	-	621,497
12	Anchorage	55,828,890	59,002,835	114,831,725	87,682,805	-	-	27,148,920
13	Annette Island	-	593,940	593,940	-	-	-	-
14	Bering Strait	-	4,941,979	4,941,979	-	-	-	-
15	Bristol Bay	860,657	646,113	1,506,770	1,324,152	-	-	182,618
16	Chatham	-	713,817	713,817	-	-	-	-
17	Chugach	-	273,724	273,724	-	-	-	-
18	Copper River	-	1,372,353	1,372,353	-	-	-	-
19	Cordova	674,600	819,158	1,493,758	1,052,000	-	-	441,758
20	Craig	367,686	647,080	1,014,766	584,728	-	-	430,038
21	Delta/Grady	-	1,267,255	1,267,255	-	-	-	-
22	Denali	459,758	801,442	1,261,200	981,736	-	-	279,464
23	Dillingham	608,522	1,066,177	1,674,699	942,500	-	-	732,199
24	Fairbanks	17,779,142	20,452,888	38,232,030	27,680,000	-	-	10,552,030
25	Galena	70,412	1,346,984	1,417,396	556,527	-	-	860,869
26	Haines	674,832	682,621	1,357,453	1,080,455	-	-	276,998
27	Hoonah	98,904	491,471	590,375	454,727	-	-	135,648
28	Hydaburg	23,009	249,711	273,520	34,000	-	-	239,520
29	Iditarod	-	1,297,719	1,297,719	-	-	-	-
30	Juneau	9,380,326	7,024,138	16,404,464	14,953,000	-	-	1,451,464
31	Kenai	69,431	333,993	403,424	150,000	-	-	253,424
32	Kashunamiut	-	634,766	634,766	-	-	-	-
33	Kenai Peninsula	15,751,444	13,918,912	29,670,356	28,095,197	-	-	1,575,159
34	Ketchikan	4,552,513	3,388,027	7,940,540	7,358,058	-	-	582,482
35	Klawock	62,627	366,435	429,062	51,125	11,502	-	377,937
36	Kodiak Island	3,588,780	4,261,228	7,850,008	5,603,980	-	-	2,246,028
37	Kuspuk	-	1,341,545	1,341,545	-	-	-	-
38	Lake & Peninsula	268,776	1,699,768	1,968,544	1,026,500	-	-	942,044
39	Lower Kuskokwim	-	8,841,118	8,841,118	-	-	-	-
40	Lower Yukon	-	4,439,549	4,439,549	-	-	-	-
41	Mat-Su	9,922,903	15,717,453	25,640,356	22,139,480	-	-	3,500,876
42	Nanana	66,968	368,947	435,915	66,120	848	-	369,795
43	Nome	626,146	1,335,501	1,961,647	1,251,731	-	-	709,916
44	North Slope	8,907,891	23,498,029	32,405,920	27,600,068	-	-	4,805,852
45	Northwest Arctic	1,484,493	5,370,638	6,855,191	1,984,920	-	-	4,870,271
46	Palican	53,374	94,708	148,082	62,266	-	-	85,816
47	Petersburg	947,600	1,090,542	2,038,142	1,807,361	-	-	230,781
48	Pribilof	-	520,490	520,490	-	-	-	-
49	Sitka	2,500,230	2,213,609	4,713,839	4,210,656	-	-	503,183
50	Skagway	523,422	279,679	803,101	746,690	-	-	56,411
51	Southeast Island	-	642,138	642,138	-	-	-	-
52	Southwest Region	-	1,979,256	1,979,256	-	-	-	-
53	St. Mary's	17,993	303,122	321,115	25,000	-	-	296,115
54	Tanana	23,286	305,688	328,974	115,000	-	-	213,974
55	Unalaska	1,417,438	755,562	2,173,000	1,660,932	-	-	512,068
56	Valdez	2,808,907	1,887,278	4,496,185	3,579,727	-	-	916,458
57	Wrangell	651,476	736,033	1,387,509	1,329,000	-	-	58,509
58	Yakutat	144,356	360,129	504,485	432,150	-	-	72,335
59	Yukon Flats	-	1,379,625	1,379,625	-	-	-	-
60	Yukon/Koyukuk	-	1,666,494	1,666,494	-	-	-	-
61	Yupik	-	1,079,828	1,079,828	-	-	-	-
64	TOTALS	\$141,383,353	\$206,928,403	\$348,311,756	\$247,330,591	\$12,350	\$0	\$66,532,457

	A	B	C	D	E	F
1	Alaska Department of Education					
2	Foundation Program; CSSB 36(FIN) am					
3	Page 9, Sec. 14.17.530 - Administrative Cap					
4	May 6, 1998					
5						
6	FY99					
7		Total FYS8	Instructional	Total Expend. @	Reduction in	% of Instruc.
8		Budgeted Expenditures	Expenditures	60%	State Aid	to Total Exp.
9	Alaska Gateway	6,375,467	3,816,771	3,825,280	8,509	60%
10	Aleutian Region	1,227,397	613,635	736,438	122,803	50%
11	Aleutians East	5,353,492	2,669,533	3,212,095	542,562	50%
12	Anchorage	285,848,000	209,941,815	171,508,800	0	73%
13	Annette Island	4,079,627	2,552,320	2,447,776	0	63%
14	Bering Strait	24,031,447	12,940,060	14,418,868	1,478,808	54%
15	Bristol Bay	3,451,754	2,126,224	2,071,052	0	62%
16	Chatham	3,700,057	2,645,572	2,220,034	0	72%
17	Chugach	1,639,001	880,501	983,401	102,900	54%
18	Copper River	6,245,467	4,119,378	3,747,280	0	66%
19	Cordova	4,028,281	2,529,588	2,416,969	0	63%
20	Craig	3,332,138	2,200,915	1,999,283	0	66%
21	Delta/Greely	6,239,396	3,623,963	3,743,637	119,674	58%
22	Denali	3,826,030	2,350,417	2,295,618	0	61%
23	Dillingham	5,369,388	3,643,045	3,221,639	0	68%
24	Fairbanks	105,010,000	75,832,355	63,008,000	0	72%
25	Galena	4,137,583	2,100,716	2,482,538	372,822	51%
26	Heines	3,576,694	2,392,495	2,146,016	0	67%
27	Hoonah	3,555,793	1,896,929	2,133,476	236,547	53%
28	Hydaburg	1,319,025	676,132	791,415	115,283	51%
29	Iditarod	5,825,818	3,108,838	3,495,491	386,653	53%
30	Juneau	35,823,100	26,387,712	21,493,860	0	74%
31	Keke	2,179,381	1,171,595	1,307,629	136,034	54%
32	Kashunamiut	2,754,440	1,415,373	1,652,664	237,291	51%
33	Kenai Peninsula	72,077,053	50,062,456	43,246,232	0	69%
34	Ketchikan	16,152,612	11,204,219	9,691,567	0	69%
35	Klawock	2,276,154	1,442,696	1,365,692	0	63%
36	Kodiak Island	22,289,424	15,074,760	13,373,654	0	68%
37	Kuspuk	6,208,037	3,779,987	3,724,822	0	61%
38	Lake & Peninsula	9,315,700	4,519,680	5,589,420	1,069,740	49%
39	Lower Kuskokwim	45,485,933	28,968,961	27,291,560	0	64%
40	Lower Yukon	19,996,016	11,997,659	11,937,610	0	60%
41	Mat-Su	80,993,413	59,111,447	48,596,048	0	73%
42	Nenana	1,732,845	1,005,643	1,039,707	34,064	58%
43	Nome	7,013,644	4,077,783	4,208,186	130,403	58%
44	North Slope	43,150,068	20,680,500	25,890,041	5,209,541	48%
45	Northwest Arctic	23,012,977	11,993,882	13,807,786	1,813,904	52%
46	Palican	630,278	330,120	378,167	48,047	52%
47	Petersburg	5,296,650	3,595,918	3,177,990	0	68%
48	Pribilof	2,748,600	1,547,494	1,649,160	101,666	56%
49	Sitka	11,027,597	8,303,056	6,616,558	0	75%
50	Skagway	1,462,002	838,321	877,201	38,880	57%
51	Southeast Island	4,046,750	2,615,282	2,428,050	0	65%
52	Southwest Region	9,649,489	5,837,056	5,789,693	0	60%
53	St. Mary's	1,400,000	805,900	840,000	34,100	58%
54	Tanana	1,546,500	610,600	927,900	317,300	39%
55	Unalaska	3,742,611	2,381,430	2,245,567	0	64%
56	Valdez	7,680,728	5,324,180	4,808,437	0	69%
57	Wrangell	3,878,101	2,602,696	2,326,861	0	67%
58	Yakutat	2,051,851	1,361,996	1,231,111	0	66%
59	Yukon Flats	7,166,115	3,844,906	4,299,669	454,763	54%
60	Yukon/Koyukuk	7,985,386	5,181,130	4,791,232	0	65%
61	Yupit	5,503,370	2,779,670	3,302,022	522,352	51%
62						
63	TOTALS:	954,348,670	\$643,524,288	\$572,609,202	\$13,634,646	

STATE  
FEDERAL  
LOCAL

March 6, 1978

The Honorable Eben Hopson  
Mayor  
North Slope Borough  
P.O. Bcx 69  
Barrow, AK 99723

Dear Mayor Hopson:

After meeting with your legal counsel and examining again the pertinent statutes, the Department of Revenue has modified its earlier position regarding the interpretation of the limitation contained in AS 29.53.045(c) and AS 43.56.010(b). Those provisions read:

AS 29.53.045(c)

A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.

AS 43.56.010(c)

If the total value of assessed property of a municipality taxing AS 29.53.045(c) exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state (to be determined by the department and reported to each municipality by January 15 of each year) multiplied by the number of residents of the taxing municipality, the department shall designate the portion of the tax base against which the local tax may be applied. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under ch. 58 of this title.

As we read these sections together we believe that the limitation contained within them sets a direct limitation on the total amount of assessed value that can be taxed by the municipality. It does not set a direct limit on the tax dollars that can be collected or the millage rate that can be assessed but does so indirectly. As such it is our position that if a municipality chooses the limitation contained in AS 29.53.045(c) the total assessed value of all property taxed by that municipality cannot exceed "the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality."

If the entire assessed valuation of property taxable by the municipality does exceed the "225 percent limitation" the Department of Revenue must then apportion the entire tax base (assessed valuation) to bring the entire amount within the statutory limitation. In making this apportionment the Department will require a pro-rata reduction in the assessed value of all property in the municipality so that it comes within the limitation.

Once the assessed value comes within the limitation (after apportionment) the municipality may then levy whatever millage rate it wants up to 30 mills against the reduced value. In doing so, however, it must be remembered that AS 43.56 property can not be taxed at a higher millage rate than that applied to other property taxable by the municipality.

I think these principles can be illustrated through the use of figures contained in the example prepared by your assessor in his letter to Commissioner Gallagher.

Assumptions

Average per capita assessed full and true value of property in Alaska (assumed).....	\$30,000
North Slope Borough residents (assumed).....	10,000
Assessed Value of AS 43.56 property within North Slope Borough (assumed)...	2,500,000,000
Assessed Value of non-AS 43.56 property within North Slope Borough (assumed).....	500,000,000
Total assessed value of all property within North Slope Borough....	3,000,000,000

Calculation

1.  $(\$30,000) \cdot x (225 \text{ percent}) \times (10,000) = \$675,000,000$

(\$675,000,000 is the total assessed value of property in the North Slope Borough that can be taxed.)

2.  $3,000,000,000 > 675,000,000$

(Apportionment of the tax base is necessary.)

3. 
$$\frac{3,000,000,000}{675,000,000} = .225$$

(The entire tax base must be reduced to 22.5 percent of its full value to come within the 675,000,000 limit.)

4.  $2,500,000,000 \times .225 = 562,500,000$

(Value of AS 43.56 property that can be taxed)

$500,000,000 \times .225 = 112,500,000$

(Value of other property that can be taxed)

675,000,000

5.  $(675,000,000) \times (30 \text{ mills}) = \$ 20,250,00$

(This is the total property tax revenues that can be raised. Obviously the North Slope Borough could use any millage rate it wanted up to a maximum of 30 mills on the apportioned value and the rate for AS. 43.56 property can not be any higher than that applied to other property.)

We plan to formalize this ruling in a form of a regulation in the near future. If you have any further questions please let me know.

Sincerely,

  
John R. Messenger  
Deputy Commissioner

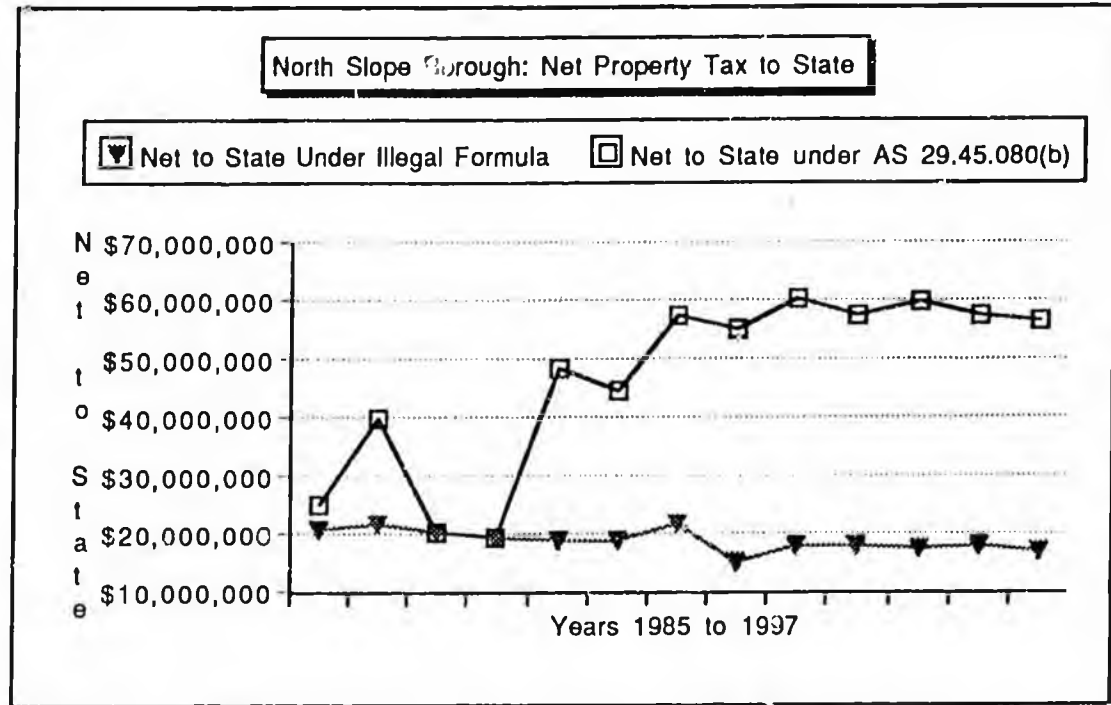
cc: Thomas K. Williams, Director  
Petroleum Revenue Division

Joseph K. Donahue, Esq  
Assistant Attorney General

**Loss to State from North Slope Borough Method Relative to AS 29.45.080(b)**

North Slope Borough	Net to State Under Illegal Formula	Net to State under AS 29.45.080(b)
1985	\$20,989,163	\$25,314,965
1986	\$22,120,382	\$39,820,433
1987	\$20,498,219	\$20,498,234
1988	\$19,724,270	\$19,698,871
1989	\$19,211,366	\$48,750,197
1990	\$19,240,785	\$44,659,813
1991	\$22,000,304	\$57,812,935
1992	\$15,172,566	\$55,450,660
1993	\$18,094,121	\$60,447,179
1994	\$18,108,185	\$57,673,247
1995	\$17,407,289	\$59,766,659
1996	\$18,119,544	\$57,608,534
1997	\$17,082,928	\$56,770,717

Anomalies in 1987 and 1988 were due to no property taxes for the operating budget in 1987 and only \$5,776,769 in 1988.



These numbers are approximate based on information published in Alaska Taxable 1985-1997

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

April 22, 1998

**SUBJECT:** Municipal taxation of oil and gas production and pipeline property  
(Work Order No. 20-LS1769)

**TO:** Representative Gene Therriault, Co-chair  
House Finance Committee  
Attn: Michael Tibbles

**FROM:** Tamara Brandt Cook  
Director

You have supplied me with material provided to the House Finance Committee by Scott A. Brandt-Erichsen, Ketchikan Gateway Borough Attorney, and asked for my explanation of the statutes that apply to municipal taxation of oil and gas production and pipeline property. A municipality has been given authority to tax oil and gas production and pipeline property, but the authority is limited under AS 29.45.080. Additionally, the authority of a municipality to impose property taxes on all types of property is limited under AS 29.45.090.

**No limitation to pay bonds.** Under AS 29.45.100 the tax limitation in AS 29.45.080 (oil and gas) and the limitation in AS 29.45.090 (all property) do not apply to taxes to pay or secure bonds. This section appears to apply only to general obligation bonds and not to revenue bonds which are not secured by the taxing authority of the municipality. (See AS 29.47.240; North Slope Borough v. Sohio Petroleum Corp., 585 P.2d 534 (Alaska 1978)) The court has apparently concluded that a tax imposed on oil and gas production and pipeline property without limitation under AS 29.45.100 does not conflict with AS 43.56.010 or AS 43.56.030.

AS 29.45.090(a) contains a provision that is not a limitation on taxation and, therefore, does apply to taxes to pay or secure bonds: "All property on which an ad valorem tax is levied shall be taxed at the same rate during the year." So, except for personal property taxed at a flat rate under AS 29.45.055, all property, including oil and gas production and pipeline property, may be taxed under AS 29.45.100 at the rate that generates the amount needed to pay or secure bonds. This portion of the property tax is in addition to the level of taxation a municipality imposes that is subject to the limitations under AS 29.45.080 and 29.45.090.

**Limited tax on oil and gas production and pipeline property.** AS 29.45.080 requires a municipality to use one of two methods for taxing oil and gas production and pipeline property to produce revenue for all purposes other than to pay or secure the payment of bonds. AS 29.45.080(b) states: "A municipality may levy and collect a tax on the full and

Representative Gene Therriault

April 22, 1998

Page 2

true value of taxable property taxable under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing in its boundaries." (See also AS 29.45.090(b)(1)) Under this method a maximum rate of taxation is determined that is applicable to all property except, probably, personal property subject to a flat tax. (AS 29.45.090(a); AS 29.45.080(b))

Subsection (c) states: "A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, **when combined with the value of property otherwise taxable by the municipality**, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality." (Emphasis added) This method limits the portion of the value of oil and gas production and pipeline property that may be taxed, but does not limit the portion of the value of other property that may be taxed. Under AS 43.56.010(c), if the total value of assessed property exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state, multiplied by the number of residents of the municipality, "the department shall designate the portion of the tax base against which the local tax may be applied." This, I believe, in context refers to the portion of the **oil and gas production and pipeline property** tax base against which the local tax may be applied. The language should not be construed to permit the department to prorate taxes levied against other types of property because this construction cannot be easily reconciled with the language of AS 29.45.080(c). On this point, I agree with Scott A. Brandt-Erichsen.

Please let me know if you need any drafting done to clarify these statutes.

TBC:jdr

98-262.jdr

Alaska State Legislature  
House Finance Committee

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April 24, 1998

Wilson Condon, Commissioner  
Alaska Department of Revenue  
PO Box 110400  
Juneau, AK 99811-0400

Dear Commissioner Condon,

The House Finance Committee has received information and testimony concerning the failure of the state to receive the share of oil and gas property tax expected under the provisions of AS 43.56.

AS 29.45.080 requires a municipality to use one of two methods for taxing oil and gas property, either through AS 29.45.080(b) or AS 29.45.080(c). AS 29.45.080(b) states:

A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing in its boundaries.

AS 29.45.080(c) states:

A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

The method used by the North Slope Borough and Valdez to tax oil and gas property is set out on pages 26 and 29 of Alaska Taxable 1997. The methods do not comport with either of the two alternatives in AS 29.45.080.

Both the North Slope and Valdez state that the mill rate under their method is applied to the full amount of oil and gas property. However, the method used is inconsistent with AS 29.45.080(b). That alternative allows for the local tax to be applied to the full and true value of AS 43.56 property, but limits revenue from the total municipal property tax

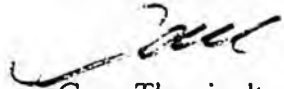
provide me with the announcements of the portions identified which were sent to all municipalities using the method in AS 29.45.080(c) for 1998 and the prior 10 years.

- 4) If a portion of the oil and gas property is required to be designated under AS 43.56.010(c) for local taxation purposes, what was the sum of that portion plus "the value of property otherwise taxable by the municipality" for the prior 10 years?
- 5) What mill rates were applied by the North Slope Borough and Valdez against Oil and Gas Property in 1997 and in the prior 10 years? What mill rates are expected to be applied against AS 43.56 property for 1998?
- 6) Against what portion of the oil and gas property were the mill rates of the North Slope Borough and Valdez applied in 1997 and prior years?

I have scheduled the issue to come back before the House Finance Committee Wednesday, April 29, and I would appreciate a response prior to the meeting. In addition, please be prepared to address the committee and explain your responses to these questions.

Thank you in advance for your expeditious response to this request.

Sincerely,



Gene Therriault  
State Representative

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

# Alaska State Legislature

## House Finance Committee

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April 24, 1998

Wilson Condon, Commissioner  
Alaska Department of Revenue  
PO Box 110400  
Juneau, AK 99811-0400

Dear Commissioner Condon,

The House Finance Committee has received information and testimony concerning the failure of the state to receive the share of oil and gas property tax expected under the provisions of AS 43.56.

AS 29.45.080 requires a municipality to use **one** of two methods for taxing oil and gas property, either through AS 29.45.080(b) or AS 29.45.080(c). AS 29.45.080(b) states:

A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing in its boundaries.

AS 29.45.080(c) states:

A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue, which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

The method used by the North Slope Borough and Valdez to tax oil and gas property is set out on pages 26 and 29 of Alaska Taxable 1997. The methods do not comport with either of the two alternatives in AS 29.45.080.

Both the North Slope and Valdez state that the mill rate under their method is applied to the full amount of oil and gas property. However, the method used is inconsistent with AS 29.45.080(b). That alternative allows for the local tax to be applied to the full and true value of AS 43.56 property, but limits revenue from the total municipal property tax

to \$1,500 per person. Neither the North Slope Borough nor Valdez limit property tax revenues to \$1,500 per person.

The method used by the borough and the city are also inconsistent with the alternative in AS 29.45.080(c) because their tax on oil and gas property is not limited to "that portion of oil and gas property . . . which value, when combined with the value of property otherwise taxable by the municipality, does not exceed 225 percent of the average per capita assessed property in the state multiplied by the number of residents of the taxing municipality." It appears that the North Slope Borough and the City of Valdez have chosen a method that applies a levy that exceeds the amount authorized under this section.

Municipalities are required to report which of the two alternatives will be used to the Department of Revenue pursuant to AS 29.45.080(d). That subsection reads as follows:

By February 1 of each assessment year a taxing municipality shall inform the Department of Revenue which method of taxation the municipality will use.

If the method in AS 29.45.080(c) is selected, AS 43.56.010(c) states:

If the total value of assessed property of a municipality taxing under AS 29.45.080(c) exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state, to be determined by the department and reported to each municipality, the department shall designate the portion of the tax base against which the local tax may be applied.

Legislative Legal Services has advised us that this statute in context refers to the portion of the oil and gas property tax base against which the local tax may be applied. In addition, we have been counseled that "The language should not be construed to permit the department to prorate taxes levied against other types of property because this construction cannot be easily reconciled with the language of AS 29.45.080(c)."

There has been one Finance Committee hearing on this subject and I request the following information from you for further consideration by the Committee. I would like to know how the responsibilities of your department under the above statutes have been carried out and in particular, please provide the following information:

- 1) What is the Department's process used to determine the portion of the oil and gas property tax base taxable by a municipality under AS 43.56.010(c)? Who is the person responsible for making the determination?
- 2) Which of the two methods in AS 29.45.080 have Valdez and the North Slope Borough informed the Department will be used for 1998? What methods were selected by each of the two municipalities in the prior 10 years?
- 3) If either or both municipalities informed the Department that the method in AS 29.45.080(c) would be used, what portion of the oil and gas property tax base was designated by your department for taxation by the local governments? Please

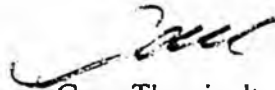
provide me with the announcements of the portions identified which were sent to all municipalities using the method in AS 29.45.080(c) for 1998 and the prior 10 years.

- 4) If a portion of the oil and gas property is required to be designated under AS 43.56.010(c) for local taxation purposes, what was the sum of that portion plus "the value of property otherwise taxable by the municipality" for the prior 10 years?
- 5) What mill rates were applied by the North Slope Borough and Valdez against Oil and Gas Property in 1997 and in the prior 10 years? What mill rates are expected to be applied against AS 43.56 property for 1998?
- 6) Against what portion of the oil and gas property were the mill rates of the North Slope Borough and Valdez applied in 1997 and prior years?

I have scheduled the issue to come back before the House Finance Committee Wednesday, April 29, and I would appreciate a response prior to the meeting. In addition, please be prepared to address the committee and explain your responses to these questions.

Thank you in advance for your expeditious response to this request.

Sincerely,



Gene Therriault  
State Representative

# STATE OF ALASKA

## DEPARTMENT OF EDUCATION OFFICE OF THE COMMISSIONER

4-4-98 (4)  
TONY KNOWLES, GOVERNOR

GOLDBELT PLACE  
801 WEST 10TH STREET, SUITE 200  
JUNEAU, ALASKA 99801-1894

(907) 465-2800  
FAX (907) 465-4156

April 2, 1998

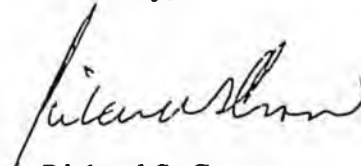
The Honorable Gene Therriault, Co-Chair  
The Honorable Mark Hanley, Co-Chair  
House Finance Committee  
Alaska State Legislature  
State Capitol, Room 519  
Juneau, AK 99801-1182

Dear Representatives Therriault and Hanley:

The Department of Education has prepared the enclosed list of issues concerning the HCS CSSB 36(HES), relating to the public school funding program, based on amendments adopted by the House Health, Education, and Social Services Committee during its meeting on Wednesday, April 1, 1998. The department has not prepared new runs analyzing the impact of the House HES revisions to SB36 on individual schools districts or revised fiscal notes.

In order to complete that work, the department needs direction from the House Finance Committee in several of the areas identified on the issue list. I look forward to working with you on addressing these issues. Please contact me if you have any questions.

Sincerely,



Richard S. Cross  
Deputy Commissioner

Enclosure

## Department of Education HCS CSSB 36(HES)

Following is a list of issues regarding HCS CSSB 36(HES).

1. Amendment #2 – imposes a 3% wage tax for employment within the unorganized borough. The department is seeking direction from the committee as to what tax revenue estimates should be used in developing updated spreadsheets incorporating this amendment.
2. The local contribution requirement has raised issues regarding the taxable full value of the North Slope Borough. The Department of Community and Regional Affairs is determining the appropriate taxable full value of the North Slope Borough that should be used in calculating the required local effort. Resolution of this issue will impact the amount of funding available for redistribution under HCS CSSB 36(HES).
3. Page 14, lines 19 through 31 and page 15, lines 1 and 2, – requires the department to develop a comprehensive assessment system. This requirement mirrors language in the Governor's quality schools bill, HB 351/SB 257. The fiscal note for HB 351/SB 257 is \$3.6 million to develop such a system and includes an additional \$20 million to assist school districts with the cost of implementing the assessment program.
4. Page 5, lines 6 through 9 – requires districts to have on file with the department a plan of service for special education, gifted and talented education, vocational education, and bilingual education. It is the department's understanding these are not requirements for receiving the 20% allocation. The department believes further clarification of this language is needed.
5. Page 6, line 10 – The school size table is very aggressive in applying multipliers for adjusted ADM. Depending on the definition of "school" the table raises many issues.
6. Page 6, line ? – The current foundation program has a three year hold harmless for school districts that experience a drop in enrollment of 10% or more from one year to the next. This proposed legislation does not contain a similar safety net.
7. Page 8, lines 19 through 23 – requires the department to adjust district cost factors by the Anchorage consumer price index and submits proposed district cost factors to the legislature every other year. The department contacted the McDowell Group for advice in meeting this requirement. McDowell Group stated the Anchorage CPI has no relationship to district cost factors and that inflationary adjustments should occur elsewhere in this legislation. McDowell Group also indicated that DOE could not apply the same methodology they used in determining the proposed district cost factors to meet the requirement in HCS CSSB 36. McDowell did provide additional information to the chairman of house HES to suggest alternative methodology, however, this information was not incorporated in the house HES committee's version of this bill.

**Department of Education**  
**HCS CSSB 36(HES)**

8. Page 10, line 5 – minimum expenditure for instruction. Most districts can not meet this requirement due to fixed costs to operate facilities. Only school districts with large student populations and larger schools can meet this requirement.
9. Page 11, line 2 - the definition of “instructional component” is inconsistent with existing chart of accounts.
10. Page 27, line 12 – sub section (b) requires department to define “school.” Current regulation 4 AAC 05.900(5) defines a school as a program of instruction. There is a lack of data to support a consistent definition of “school.” As the definition is clarified a significant reallocation of dollars will occur.
11. Page 27, lines 14 through 17 – Transition for proposed district cost factors. Requires the department to submit to the legislature proposed districts cost factors by January 15, 2001. As previously stated the McDowell Group has informed DOE that their methodology can not be used to update proposed district cost factors.
12. Page 27, lines 23 through 28 – Transition for minimum expenditure for instruction. As previously mentioned only school districts with large student populations and larger schools can meet this requirement.
13. Page 16, line 1 – removes the requirement to employ a chief school administrator. If districts hire a non-certified administrator to run the school district, the administrator would not be subject to the ethic requirements of the PTPC.

(A) 4-4-98 3 (B)

1	Alaska Department of Education						
2	Foundation Program						
3	Statistical Comparison						
4	March 9, 1998						
5		1	2	Unadjusted ADM:		5	
6		Existing	CSSB36	3	Existing	CSSB36	
7		Foundation	State Aid	FY 98	Foundation	plus	
8		State		Local	plus	50 million	
9	School District:	Aid:		Contribution:	50 million:		
10	Alaska Gateway	522.00	9,557	8,511	0	10,191	9,083
11	Aleutian Region	67.00	17,560	16,584	0	18,695	17,666
12	Aleutians East	345.00	10,187	9,487	2,067	10,931	10,187
13	Anchorage	47,832.75	3,931	4,178	1,910	4,255	4,517
14	Annette Island	391.00	4,013	4,787	0	4,416	5,232
15	Bering Strait	1,809.41	9,644	8,926	0	10,353	9,590
16	Bristol Bay	308.00	5,372	4,770	4,413	5,908	5,270
17	Chatham	297.00	7,871	7,843	0	8,487	8,455
18	Chugach	146.00	10,381	7,762	0	11,074	8,295
19	Copper River	829.50	7,505	6,789	0	7,975	7,218
20	Cordova	530.00	5,098	5,454	2,046	5,496	5,875
21	Craig	447.00	5,195	5,904	1,418	5,571	6,325
22	Delta/Greely	824.00	5,815	6,415	59	6,237	6,877
23	Denali	355.00	7,491	7,532	2,833	8,041	8,085
24	Dillingham	619.00	6,071	6,277	1,846	6,526	6,746
25	Fairbanks	16,447.50	3,928	4,216	1,704	4,254	4,561
26	Galena	1,379.00	4,822	3,695	478	5,127	3,930
27	Haines	438.00	4,889	5,713	2,508	5,291	6,167
28	Hoonah	270.00	7,105	7,431	1,962	7,580	7,927
29	Hydaburg	125.00	8,669	8,509	1,068	9,223	9,053
30	Iditarod	436.00	12,108	11,028	0	12,935	11,791
31	Juneau	5,750.00	3,507	3,825	2,617	3,328	4,165
32	Kake	190.00	6,978	7,004	1,605	7,455	7,483
33	Kashunamiut	279.00	8,013	7,753	0	8,566	8,291
34	Kenai Peninsula	10,341.96	4,068	4,382	2,725	4,417	4,751
35	Ketchikan	2,719.00	3,219	4,105	2,739	3,524	4,466
36	Klawock	215.00	6,639	5,760	677	7,102	6,168
37	Kodiak Island	2,897.00	4,790	5,005	1,963	5,179	5,407
38	Kuspuk	510.00	10,811	10,621	0	11,544	11,345
39	Lake & Peninsula	518.00	13,018	12,905	2,359	13,886	13,767
40	Lower Kuskokwim	3,642.00	10,618	8,615	0	11,350	9,223
41	Lower Yukon	1,850.60	8,067	7,697	0	8,671	8,277
42	Mat-Su	12,641.00	4,601	4,742	1,757	4,937	5,086
43	Nenana	220.00	7,887	5,837	343	8,398	6,220
44	Nome	789.00	6,567	6,566	1,988	7,027	7,027
45	North Slope	2,037.00	5,737	0	13,574	6,301	0
46	Northwest Arctic	2,248.00	8,243	8,664	1,186	8,829	9,277
47	Pelican	38.00	14,632	9,476	1,639	15,631	10,154
48	Petersburg	775.00	4,095	4,911	2,365	4,427	5,294
49	Pribilof	196.00	9,610	8,638	0	10,317	9,283
50	Sitka	1,750.00	3,510	4,184	2,415	3,821	4,537
51	Skagway	130.00	5,260	3,716	5,786	5,772	4,216
52	Southeast Island	269.00	10,282	10,830	0	11,019	11,602
53	Southwest Region	779.20	9,750	8,747	0	10,435	9,370
54	St. Mary's	133.00	10,637	8,939	301	11,331	9,529
55	Tanana	113.00	11,095	9,652	1,115	11,815	10,283
56	Unalaska	390.00	4,905	4,234	4,351	5,369	4,740
57	Valdez	895.00	3,804	2,254	4,114	4,169	2,661
58	Wrangell	514.25	4,498	4,996	2,646	4,857	5,387
59	Yakutat	178.00	8,032	7,109	2,653	8,587	7,607
60	Yukon Flats	444.00	13,871	12,190	0	14,813	13,030
61	Yukon/Koyukuk	554.00	12,253	10,870	0	13,118	11,649
62	Yupik	412.00	10,316	8,308	0	11,078	8,944
63	ACS	1,658.38	2,410	2,564	0	2,560	2,724
64	Mt. Edgecumbe	306.00	5,612	5,884	0	5,961	6,251
65	Other	0.00					
66							
67							
68							
69	TOTALS:	130,800.55					

Alaska Department of Education and Early Childhood Development (DEED)				YR 1
Comparison of FY99 and FY00 State Aid				YR 2
School District	FY99 State Aid	FY00 State Aid	Difference	% Change in State Aid
Alaska Gateway	4,336,009	4,988,882	(652,873)	-3.27%
Aleutian Region	1,085,169	1,176,499	(91,330)	5.56%
Aleutians East	3,186,530	3,514,644	(328,114)	-2.33%
Anchorage	194,402,155	188,038,815	6,363,340	3.38%
Annette Island	1,809,601	1,569,188	240,413	15.32%
Bering Strait	15,720,424	17,449,778	(1,729,354)	-2.48%
Bristol Bay	1,414,246	1,654,521	(240,275)	-3.63%
Chatham	2,264,246	2,337,557	(73,311)	-0.78%
Chugach	1,078,737	1,515,697	(436,960)	-7.21%
Copper River	5,581,994	6,225,778	(643,784)	-2.59%
Cordova	2,811,016	2,702,072	108,944	4.03%
Craig	2,517,761	2,322,242	195,519	8.42%
Delta/Gröely	5,087,722	4,790,289	297,433	6.21%
Denali	2,603,693	2,659,400	(55,707)	-0.52%
Dillingham	3,781,438	3,757,667	23,771	0.63%
Fairbanks	67,318,068	64,807,118	2,710,950	4.20%
Galena	5,100,652	6,649,592	(1,548,940)	-5.82%
Haines	2,431,168	2,141,412	289,756	13.53%
Hoonah	1,958,601	1,918,467	40,134	2.09%
Hydaburg	1,039,255	1,083,657	(44,402)	6.45%
Iditarod	4,747,204	5,278,870	(531,666)	-2.52%
Juneau	21,107,305	20,166,492	940,813	4.67%
Ketchikan	1,372,933	1,325,815	47,118	3.55%
Kodiak	2,109,441	2,235,575	(126,134)	3.95%
Kotzebue Peninsula	43,959,566	42,073,799	1,885,767	4.48%
Ketchikan	10,566,469	8,752,133	1,814,336	20.73%
Klawock	1,207,017	1,427,412	(220,395)	4.18%
Kodiak Island	13,924,088	13,876,822	47,266	0.34%
Kuspuk	5,470,852	5,513,829	(42,977)	-0.19%
Lake & Peninsula	6,525,065	6,743,387	(218,322)	-0.81%
Lower Kuskokwim	31,137,132	38,671,330	(7,534,198)	-4.87%
Lower Yukon	13,861,244	14,928,605	(1,067,361)	-1.79%
Mat-Su	58,582,962	58,161,852	421,110	0.72%
Nenana	1,340,448	1,735,074	(394,626)	2.17%
Nome	5,217,325	5,181,309	36,016	0.70%
North Slope	-	11,686,868	(11,686,868)	-100.00%
Northwest Arctic	18,656,455	18,530,116	126,339	0.68%
Pelican	350,850	556,016	(205,166)	-2.56%
Petersburg	3,699,598	3,173,500	526,098	16.58%
Pribilof	1,647,733	1,883,539	(235,806)	-3.13%
Sitka	7,100,407	6,142,485	957,922	15.60%
Skagway	459,821	683,840	(224,019)	4.19%
Southeast Island	2,226,657	2,765,941	(539,284)	-4.87%
Southwest Region	6,646,114	7,597,531	(951,417)	-3.13%
St. Mary's	1,089,399	1,414,706	(325,307)	1.72%
Tanana	1,121,689	1,253,694	(132,005)	4.99%
Unalaska	1,580,712	1,913,136	(332,424)	3.43%
Valdez	1,877,339	3,404,758	(1,527,419)	-44.86%
Wrangell	2,742,064	2,312,953	429,111	18.55%
Total	1,233,667	1,429,670	(196,003)	-3.43%
Yukon Flats	5,061,519	6,158,915	(1,097,396)	-4.45%
Yukon-Koyukuk	5,653,884	6,788,379	(1,134,495)	-4.18%
Yupik	3,329,233	4,250,129	(920,896)	-5.42%
Yup'it	4,156,575	3,996,324	160,251	4.01%
Mt. Edgecumbe	1,760,264	1,717,150	43,114	2.51%
Other	26,096,071	26,096,071	-	0.00%
TOTAL:	43,147,587	\$660,931,300	(\$17,783,713)	

YR 1	YR 2
-3.27%	-6.14%
5.56%	1.54%
-2.33%	-4.21%
3.38%	4.54%
15.32%	16.81%
-2.48%	-4.49%
-3.63%	-6.64%
-0.78%	-1.05%
-7.21%	-14.08%
-2.59%	-4.78%
4.03%	5.14%
8.42%	9.49%
6.21%	7.26%
-0.52%	-0.55%
0.63%	1.67%
4.20%	5.37%
-5.82%	-11.31%
13.53%	14.78%
2.09%	3.03%
6.45%	3.35%
-2.52%	-4.61%
4.67%	5.96%
3.55%	4.52%
3.95%	1.20%
4.48%	5.70%
20.73%	22.21%
4.18%	-1.94%
0.34%	1.46%
-0.19%	0.15%
-0.81%	-1.17%
-4.87%	-9.35%
-1.79%	-3.09%
0.72%	1.73%
2.17%	-5.79%
0.70%	1.66%
-100.00%	-100.00%
0.68%	1.66%
-2.56%	-13.70%
16.58%	17.83%
-3.13%	-5.81%
15.60%	16.94%
4.19%	-7.49%
-4.87%	-9.34%
-3.13%	-5.83%
1.72%	-6.17%
4.99%	0.22%
3.43%	-2.82%
-44.86%	-43.43%
18.55%	19.01%
-3.43%	-6.44%
-4.45%	-8.52%
-4.18%	-7.94%
-5.42%	-10.42%
4.01%	4.90%
2.51%	3.39%
0.00%	0.00%

NEW FORMULA	% Change in State Aid
(546,103)	-10.95%
(65,394)	-5.56%
(241,676)	-6.88%
12,178,386	6.48%
302,585	19.28%
(1,299,622)	-7.45%
(185,229)	-11.20%
(8,255)	-0.35%
(409,770)	-27.04%
(514,740)	-8.27%
188,734	6.98%
261,569	11.26%
431,949	9.02%
14,465	0.54%
127,623	3.40%
4,738,904	7.33%
(1,430,238)	-21.51%
360,880	16.85%
88,006	4.59%
(20,078)	-1.85%
(411,400)	-7.79%
1,636,805	8.12%
81,354	6.14%
(72,416)	-3.24%
3,249,421	7.72%
2,159,488	24.67%
(188,993)	-13.24%
460,954	3.32%
93,291	1.69%
(58,632)	-0.87%
(6,728,864)	-17.40%
(683,711)	-4.58%
1,984,656	3.41%
(362,454)	-20.89%
169,730	3.28%
(11,686,868)	-100.00%
611,605	3.30%
(195,940)	-35.24%
632,322	19.93%
(190,552)	-10.12%
1,178,954	19.19%
(200,759)	-29.36%
(479,000)	-17.32%
(777,633)	-10.24%
(298,903)	-21.13%
(105,199)	-8.39%
(261,856)	-13.69%
(1,397,535)	-41.05%
506,575	21.90%
(164,309)	-11.49%
(968,904)	-15.73%
(984,925)	-14.51%
(827,152)	-19.46%
255,111	6.38%
83,286	4.85%
-	0.00%
\$29,543	



# *Senate Bill 36*

A proposal to bring

**Simplicity & Fairness**

to the way Alaska  
funds its public schools



Since 1988, State of Alaska  
General Fund dollar  
support of the public  
school Foundation Formula  
has increased

54.3%

(\$409 m to \$631 m)

In that same time, the  
number of public school  
students to be educated in  
Alaska

has increased

27.9%

(101,142 to 129,426)

# Public School Funding

## A Historical Review

Some critics of Senate Bill 36 focus attention on the impact the legislation has on several rural school districts, specifically the loss of state revenue in comparison to the dollar amount previously received. In order to fully understand this argument, it is necessary to put the current funding formula in a historical perspective.



1985 marked the second year of a three year study to determine a "resource cost model" to fund schools. California consultants were asked to assess the costs involved in educating Alaskan students in three differently sized, hypothetical classrooms. During this lengthy review, school districts were anxious for a change and pressure on the Legislature mounted. For a variety

of reasons, the "resource cost model" was never implemented. Unable to decide upon the funding level, the Legislature approved a stop-gap measure.

An Alaska Geographic Differential Study was conducted in 1985 by Homan-McDowell. The study was based solely on the household cost of living and provided differential data for 19 election districts.

\* \* \* \* \*



Still under pressure to adopt a new formula, the Legislature approved SB 408, sponsored by Sen. Frank Ferguson, for one year.

• "[The ACD] has always been a tool used to . . . bring a number up or down, depending upon what a legislator was interested in."

Mike Scott, staff to Sen. Ferguson

• "... most districts generate more special ed. money than they need."

• "... noted the increased need for consolidation of school districts."

Bob Green, School Boards' Assoc.

• "... real equity between urban and rural districts cannot be achieved."

LeRoy Owens, Aleutian Schools

\* \* \* \* \*



The Legislature convened and found itself still in a tenuous position. The funding formula was under attack by the Southwest Region School District and the federal government. (Subsequently, the federal government required \$11 million to be repaid by the state to several school districts.)

Governor Cowper proposed a funding formula based on "instructional units" and the cost of living study conducted in 1985 by

Homan-McDowell. City and borough school districts were required to contribute 4 mills of their assessed property value or 35% of their district's basic need. A district's allocation was determined, in part, by the number of "funding communities" within the district.

In the House Finance Committee, under the direction of Rep. Al Adams, Chair, 29 area cost differentials were increased.

**1987**  
 As a result of several years of turmoil, the proposal was adopted even though the legislation would be a further setback for railbelt taxpayers and students."  
 Sen. Joe Josephson (5/19/87)

- "[The new area cost differentials] are not based on the benefit of specific supporting data. For this reason, I do not feel these numbers should be included in the Foundation Formula."  
 Rep. Steve Rieger (4/16/87)

- "[The new area cost differentials] presented are not based on a solid basis of school costs. I do not have confidence in their accuracy."  
 Rep. Pat Pourchot (4/16/87)

- "[The House HESS Committee] urges that the issue of taxation in the unorganized areas be given serious consideration."  
 Rep. Johnny Ellis (3/19/87)

- "... would like a survey of the [unorganized] areas to know the potential of the people being able to pay a percentage of the cost of education in their own areas."  
 Rep. Dave Donley (3/18/87)

- "[I] express concern that surplus funding would be siphoned off by central offices and used to increase administrative hierarchy."  
 Sen. Paul Fischer (5/19/87)

- "... in the rush to adjournment, the Senate Finance CS was reported out of committee without an opportunity for public testimony. [I] prevailed upon the Senate to return the bill to committee for a public hearing."  
 Sen. John Binkley (5/19/87)

- "... if the 4 mill rate was in place ... North Slope and Valdez would be paying an unrealistic amount in relationship to [their need]."  
 Marshal Lind, DOE Commissioner

- "... noted that [House Finance] had proposed twenty-nine [new ACDs] totaling approximately \$4.2 million for all REAAs."  
 Sen. Paul Fischer (5/19/87)

- "I believe it is dangerous for the Legislature to adjourn without enacting a new formula. [U]rban members of the Senate HESS Committee acquiesced in a measure that includes area differentials less favorab' : to urban areas."  
 Sen. Joe Josephson (5/19/87)

- "... there appears to be no objective definition of funding communities."  
 Bill Berrier, small districts' lobby

\* \* \* \* \*

**1998**  
 SB 36 proposes a funding formula that is based on actual school costs.

During the past ten years, the Foundation Formula has remained relatively stable. However, the current distribution scheme, developed under pressure with very limited cost data, has proven to be an experiment that has failed.  
 Issues raised in 1987 – special education spending, administrative overhead, "funding communities," local contribution inequities, inflated area cost differentials – are

still areas of concern and are addressed in SB 36.  
 Senate Bill 36 is based on a school operating cost study that treats all Alaskan schools equally and fairly. This is the first review of actual school costs in the thirty-nine years of Alaskan statehood.  
 It is important to remember the historical perspective of the current formula when comparing SB 36 to the existing formula.

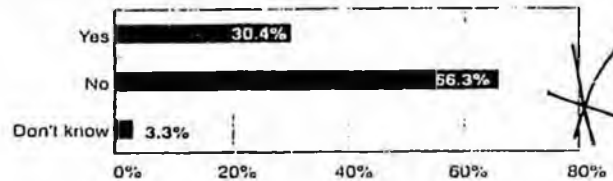
# ALASKA EDUCATION SURVEY

January 1996

## School Funding

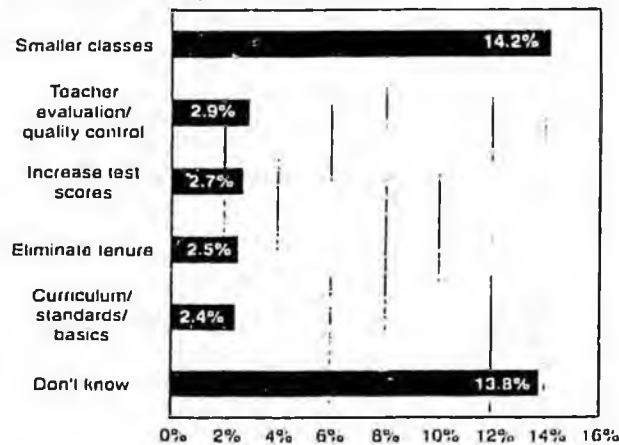
The survey found that only one in three Alaska voters believes that significant increases in education funding would improve the quality of education.

"If state funding of education was increased significantly tomorrow, do you think the quality of education in the state would increase?"



In an open-ended question, respondents reported some of the changes they would need to see that would make them more likely to support increased funding for education. Smaller class size, teacher quality and tenure issues, higher test scores, and better curriculum, higher standards and back-to-basics were the most frequent responses.

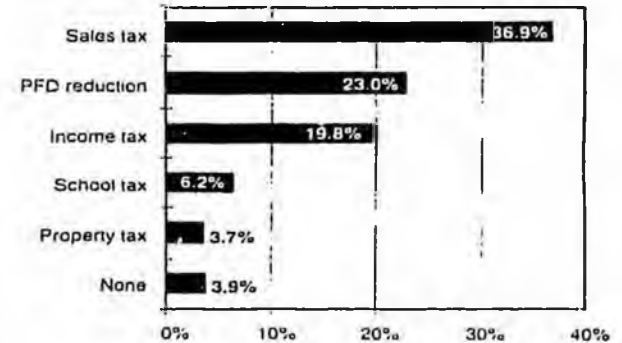
"What's the main thing you'd like to see happen that would make you more likely to pay more money for education?"



Five tax options were presented to respondents: a 1.5% sales tax, a 1% income tax, a 3 mill property tax, a \$160 Permanent Fund deduction, and a \$200 school tax. All of the proposed taxes yield annual revenue in the range of \$60 million to \$80 million. When

asked to make a choice among the tax options, more voters favored the sales tax.

"If the State needed to raise funds in some way to pay for education in Alaska, which of the five revenue sources we discussed would you be most supportive of...?"



The survey also found:

- Nearly half the state's voters think that Alaska is in financial trouble.
- Alaska voters are three times more likely to support cutting expenditures than raising taxes to alleviate state financial problems.
- More than 52% of voters believe that some districts receive too much funding while others receive too little.
- 57% of voters are unaware of the Foundation Formula for school funding. Another 9% are aware of its existence but unfamiliar with how it works.
- 81% believe the state's method of funding schools should be simplified.
- 73% of voters support funding education based on an amount per student, with additional amounts added for special needs, rather than the current instructional unit method.
- Half of those surveyed feel it is reasonable for rural school districts to receive twice the per student funding of urban schools.
- 43% say it makes sense to place all schools into one of four cost brackets representing costs in urban communities, small communities on the road system, rural hubs such as Bethel, and remote rural communities.

# School Funding Analysis

## Comparison of SB 85 and SB 36

Senate Bill 85 Introduced by the Governor – 2/12/97	Governor's Transmittal Letter Several Excerpts – 2/12/97	Senate Bill 36 Passed by the Senate – 3/11/98
<ul style="list-style-type: none"> <li>• Allocations are distributed on a per student basis, and then weighted according to the cost of operating schools.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>[recommend] a per pupil basis instead of the complicated instructional unit method now in use.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Allocations are distributed on a per student basis, and then weighted according to the cost of operating schools.</li> </ul>
<ul style="list-style-type: none"> <li>• Special needs students are classified as 20% of total students enrolled in schools. An across the board allocation is made to each school district for its special needs students, to be spent as each local district deems appropriate. Categorical funding is abolished.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Eliminating the need to unnecessarily label children as "special needs students" [allows] districts to receive a block entitlement of 20 percent above their base funding for students currently labeled gifted and talented, vocational, bilingual, and most categories of special education.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Special needs students are classified as 20% of total students enrolled in schools. An across the board allocation is made to each school district for its special needs students, to be spent as each local district deems appropriate. Categorical funding is abolished.</li> </ul>
<ul style="list-style-type: none"> <li>• Funding provides for students identified with intensive needs in <u>addition</u> to the 20% allocation.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Districts will get categorical funding only for students with the most serious, or intensive, disabilities.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Funding provides for students identified with intensive needs in <u>addition</u> to the 20% allocation.</li> </ul>
<ul style="list-style-type: none"> <li>• Minimum size for funding is set at 10 ADM.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>[SB 85] is bold. It is imaginative.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Minimum size for funding is set at 10 ADM.</li> </ul>
<ul style="list-style-type: none"> <li>• Requires an area cost differential study to be completed and implemented in three years.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Funds a statewide study to determine the cost of operating schools.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Implements the <i>Alaska School Operating Cost Study</i> conducted by the McDowell Group.</li> </ul>
<ul style="list-style-type: none"> <li>• Area cost differentials are assigned at the funding community level.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>The proposed foundation formula distributes [funding] . . . in a fairer and easier to understand method.</i></li> </ul>	<ul style="list-style-type: none"> <li>• District cost factors reflect non-personal services and administrative costs for each district.</li> </ul>
<ul style="list-style-type: none"> <li>• Equalization is based on 3 mills plus supplemental equalization formula.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>The foundation formula was developed over the past two years by the State Board of Education.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Equalization is based on 4 mills.</li> </ul>
<ul style="list-style-type: none"> <li>• Allows additional local contributions without cap.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Lifting the current local funding cap that prevents local governments from contributing above a certain level of funding for schools [is recommended].</i></li> </ul>	<ul style="list-style-type: none"> <li>• Allows for additional local contributions capped at 23% of the district's state share of public school funding.</li> </ul>
<p><i>The description of SB 85 was taken from information provided by the Department of Education</i></p>		

## Comments on Senate Bill 85 – Public School Funding

Senate Bill 85, relating to public school funding, was introduced by Governor Knowles on February 12, 1997. On February 19, 1997, this legislation was discussed in Senate HESS Committee. Mr. Rick Cross, Deputy Commissioner, Department of Education, spoke in favor of SB 85. The following excerpts were taken from the minutes of that meeting.

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### Relating to the block entitlement of 20% for special needs students:

- "SB 85 would eliminate unnecessary labeling of students."
- "20% is close to the current total effort on a statewide basis."
- "Considerable disparity [exists] between districts regarding how many students are identified for [special education, bilingual, and vocational educational programs]."
- "In one district, nine percent are special needs . . . while another district has 33 percent identified."
- "Such disparities cannot simply be explained by the student population or demographics alone."
- ". . . some districts have been more aggressive in the identification of students."
- "Over-identification and labeling of students is a concern and cannot continue."
- "The solution is to recognize the cost for such programs, not by unnecessarily labeling children. This needs to be addressed this session."

### Relating to the need for a new area cost differential study:

- "[SB 85] allocates funding per student. [A new] area cost differential study . . . is linked to the elimination of the instructional unit."
- "The study . . . would [review] the cost to educate a child and operate a school, not the cost of operating a district."
- "The cost of operating a district must be justified with the impact on the classroom."
- "[I am] pleased that . . . everyone indicated the need for an area cost differential study [and I] acknowledge that an area cost differential study redistributes the wealth which results in winners and losers."
- "[I] agree with the assessment that cost differences [between districts] have diminished, but the study will confirm or deny that suspicion."

# SB 36

## Four major efforts all at one time

1) Base the Formula on the actual cost of operating a school. (McDowell Study)

2) Converts from an “instructional unit” basis of funding to a “student dollar”. (The Foundation Formula)

3) We define a Fair Share for the organized areas of our state. (4 mills or 100%)

4) We begin the process of asking the Unorganized areas of our state to begin contributing to the cost of educating their children. (Payroll contribution or borough formation – SB 337)

Any one of these could be a major single change by itself.

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# **SB 36**

## **Addresses**

### **(A) Simplicity**

**“Per Student Dollar” replaces an  
“Instructional Unit”.**

### **(B) Fair Share Contribution**

**Organized areas are put on an equal basis of  
funding for education.**

### **(C) Categorical Definition without verification**

**Districts are block granted for their local  
distribution.**

### **(D) Classroom Funding Priority**

**Districts are mandated to spend 70% of their state  
dollars in the classroom**

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**SB 36**  
**Does Not Address**

**The Unorganized areas of our State  
(REAA's) contributing towards the  
education of their children.**

**(Process has begun with SB 337 - Mandatory Adoption of  
Third Class Boroughs for purposes of education support)**

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# Simplicity

**“Per Student Dollar”**

**replaces an**

**“Instructional Unit”**

# The New Foundation Formula

SB 36

Annual Commitment of the Student Dollar

X

Actual Number of Students\*\*

+

Developmentally Disabled Dollars

-

Local Required Support

=

**STATE FOUNDATION SUPPORT**

\*\* [ Number of Students adjusted for: (1) Size and location of school  
& (2) Foundation support for special education needs ]

**Local Required**  
**Participation**  
**(organized)**

# REQUIRED LOCAL CONTRIBUTION

Applies to Organized Areas only

Current

4 mills of property value

or

**35%** of prior year's state support

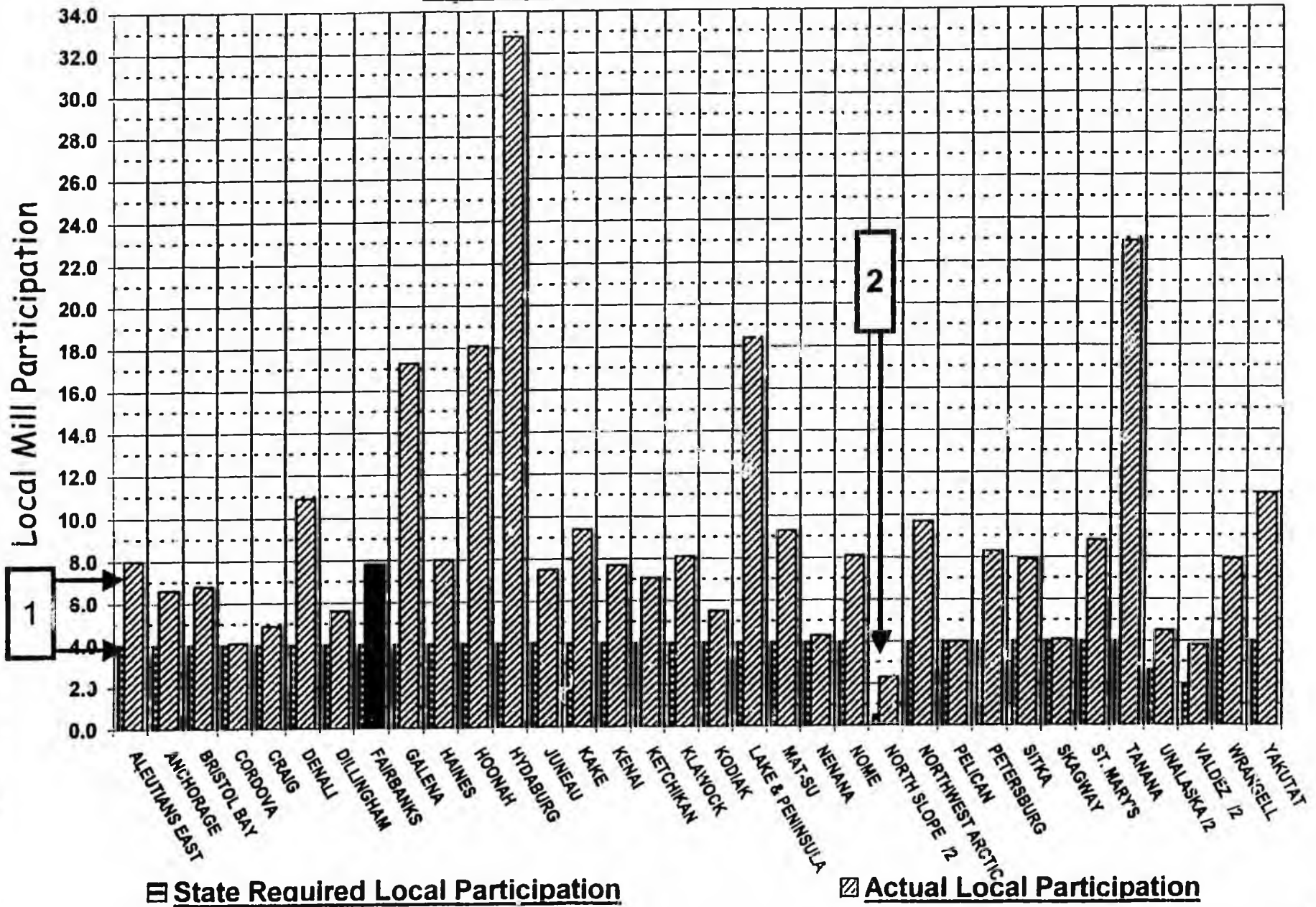
Proposed

4 mills of property value

or

**100%** of local education requirement

## Local Required Funding by School District - 1996



# FAIR SHARE

DEFINED BY:

EQUAL FUNDING PARTICIPATION BY ALL DISTRICTS

BASED ON:

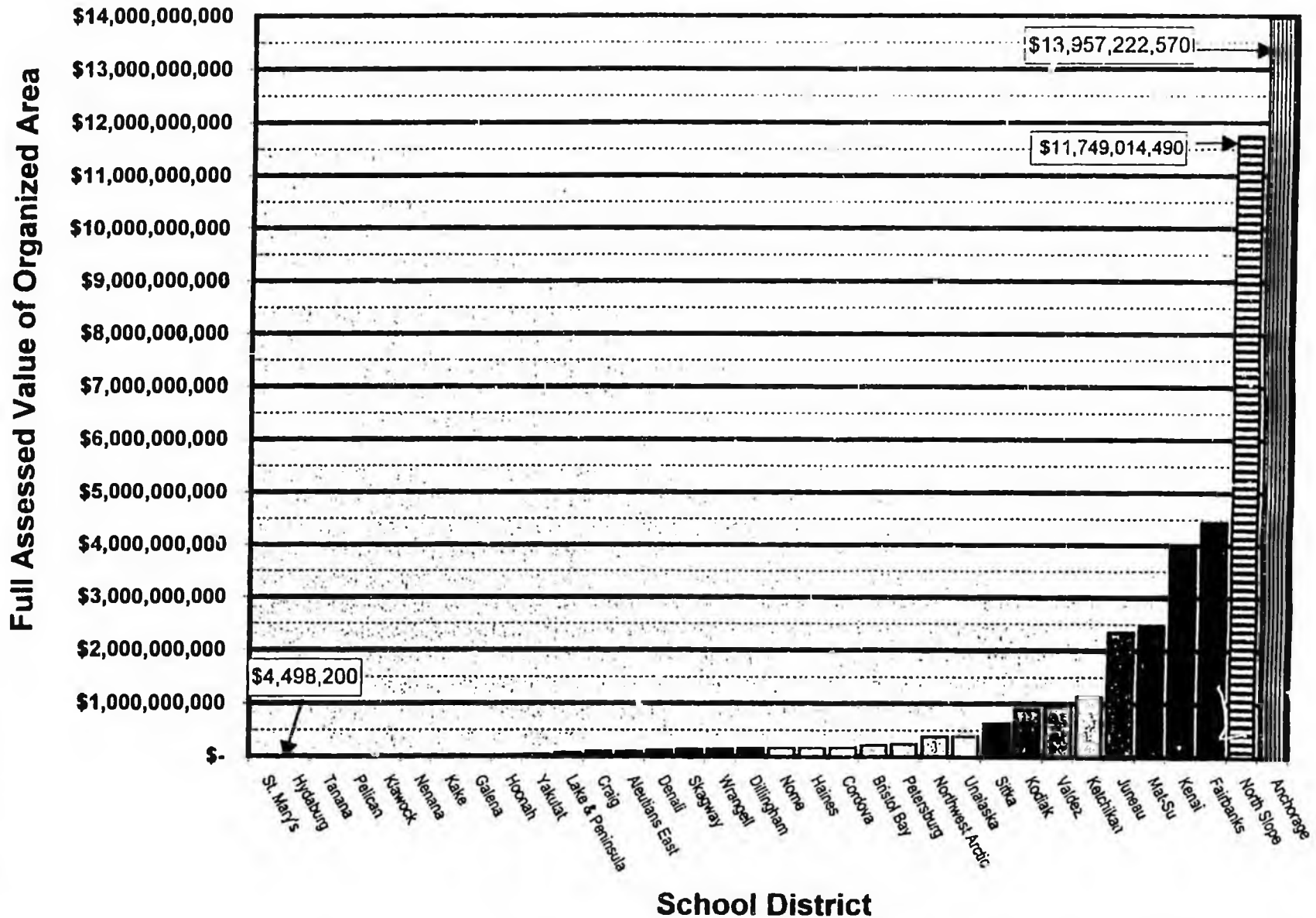
ASSESSED VALUE OF ORGANIZED AREA

## WHY ASSESSED VALUE?



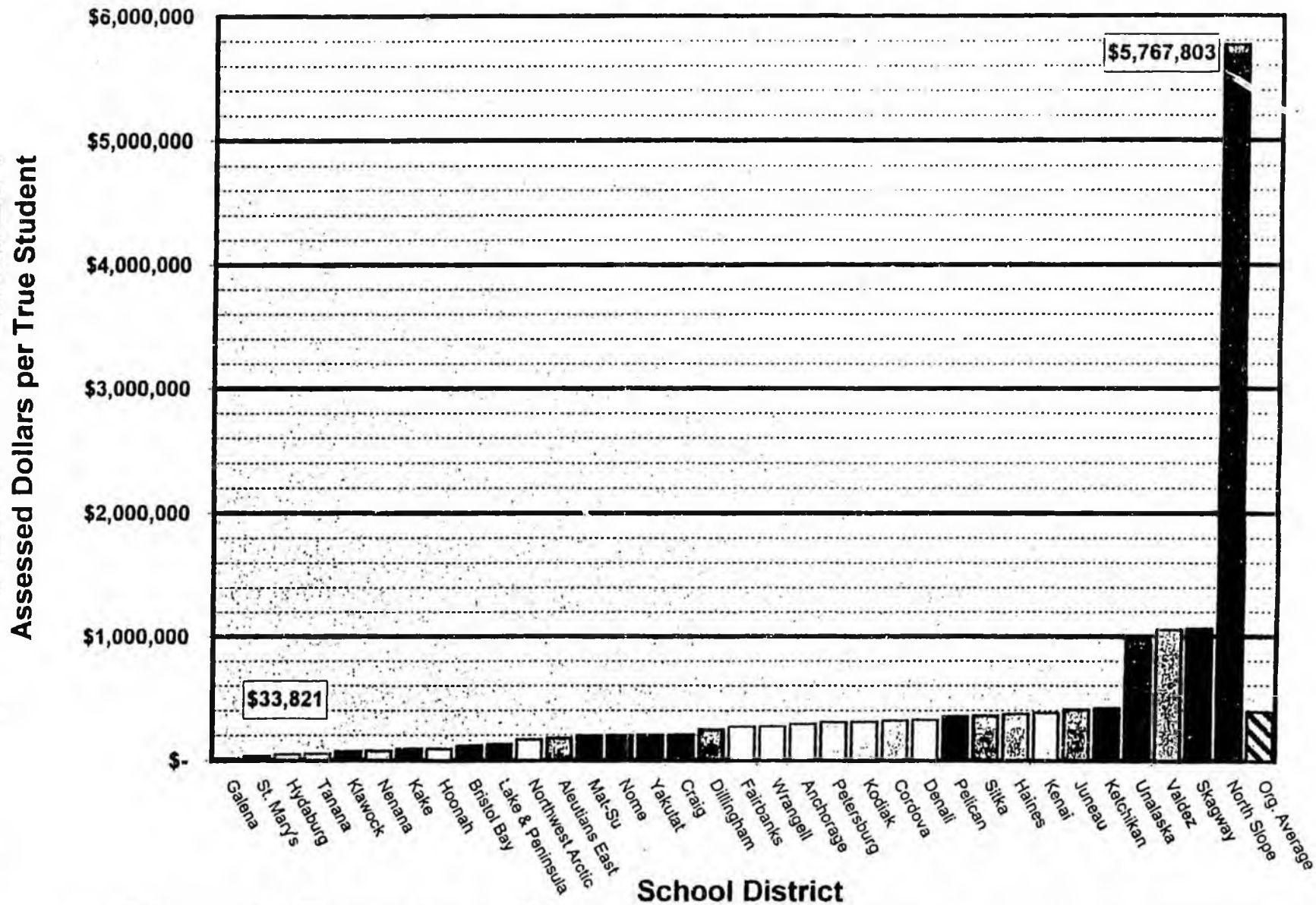
- 1) "ARMS LENGTH" RELATIVE EVALUATION OF THE WEALTH OR LACK OF WEALTH OF A COMMUNITY.
- 2) VALIDATED BY AN OBJECTIVE CIVIC AND JUDICIAL APPEAL PROCESS AT NO COST TO THE STATE.
- 3) READILY AVAILABLE FROM ORGANIZED GOVERNMENTS.
- 4) INCREASES / DECREASES ANNUALLY.

# Full Assessed Value 1997



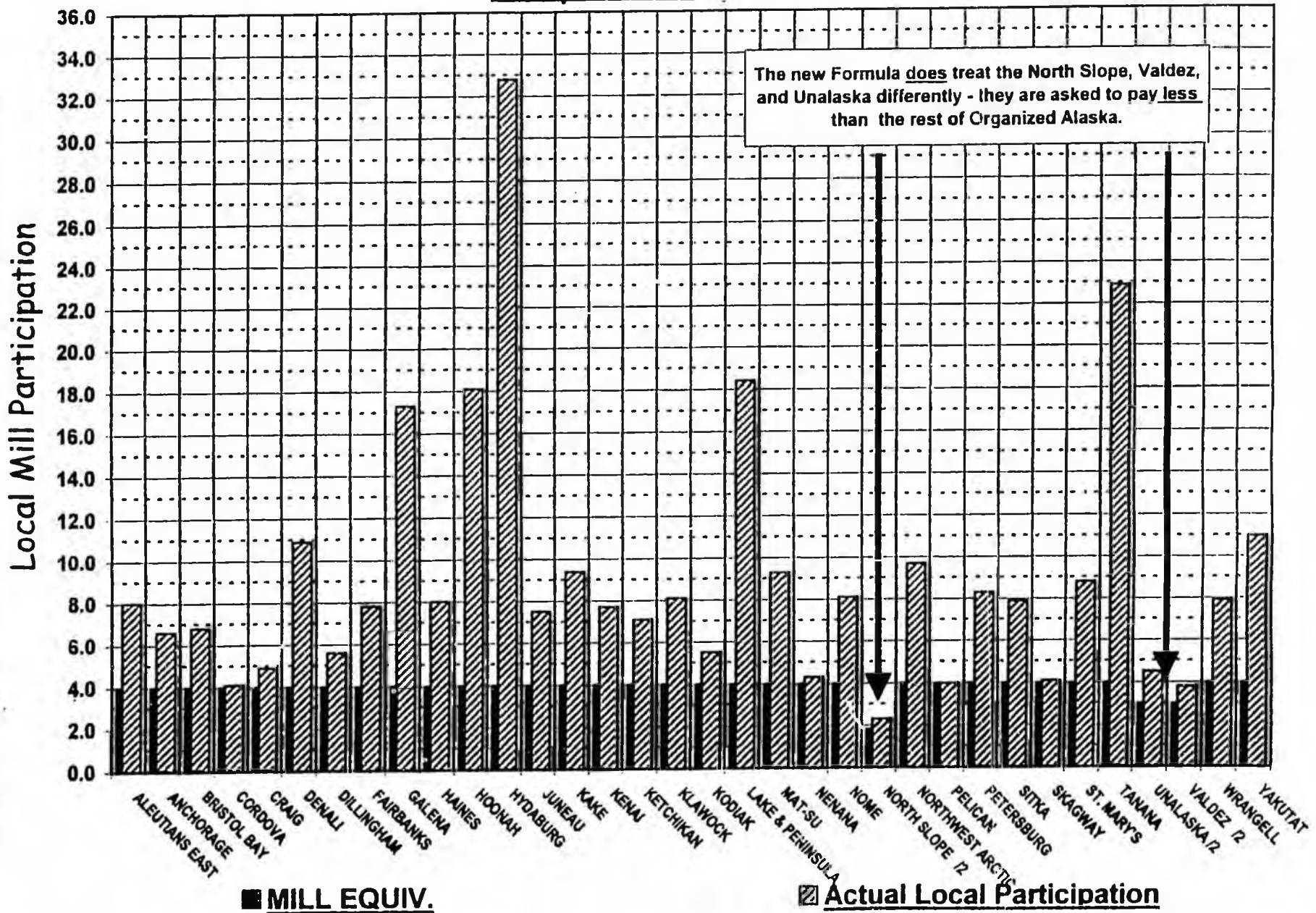
# Full Assessed Value per Student

## Organized Governments only



# Local Funding Participation by School District

## Proposed by SB 36



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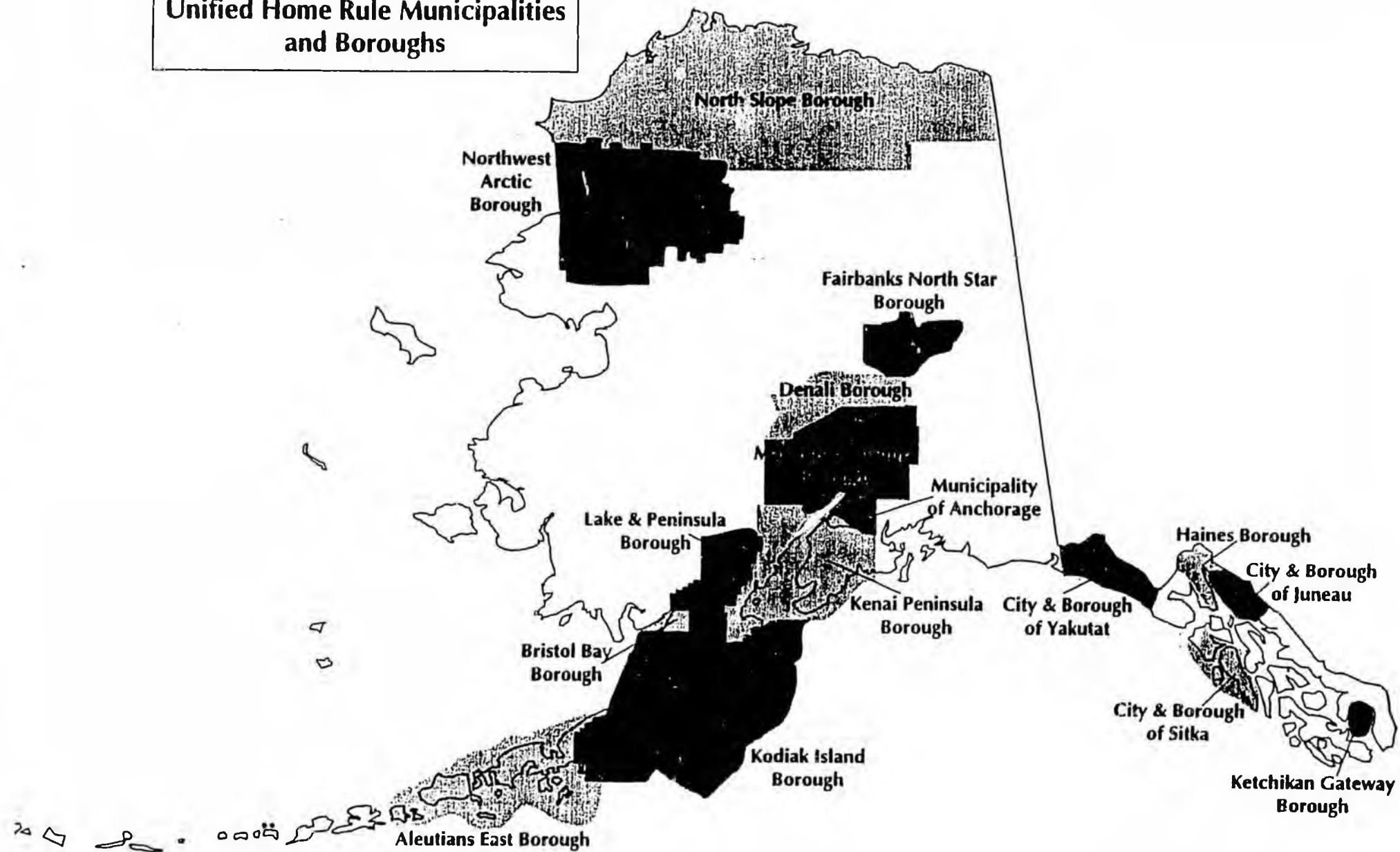
**Unorganized**

**Areas of**

**Alaska**

**(SB 337)**

— State of Alaska —  
Unified Home Rule Municipalities  
and Boroughs



- ◆ Voters in Ketchikan, Sitka, Juneau, and Kodiak formed boroughs "voluntarily" in September 1963 prior to 1/1/64 deadline.
- ◆ Voters in Anchorage, Mat-Su, Kenai, and Fairbanks did not. Boroughs in those four regions incorporated by legislative fiat on 1/1/64.

Jay Hammond, a State Representative at the time of the 1961 Borough Act, concluded:

"Attractive enough on paper, in practice, the organized borough concept had little appeal to most communities. After all, why should they tax themselves to pay for services received from the state, gratis?"

**REAA WAGES AND EMPLOYMENT - 1996 (Source: Alaska Dept. of Labor)**

	WAGE TYPE			NUMBER EMPLOYED		
	GOVERNMENT	PRIVATE	TOTAL	GOVERNMENT	PRIVATE	TOTAL
LOWER KUSKO.	\$ 56,831,456	\$ 62,741,929	\$ 119,573,385	2,008	2,930	4,938
S.W. REGION	16,373,320	38,838,089	\$ 55,211,409	534	1,482	2,016
S.E. ISLANDS	11,322,779	29,252,980	\$ 40,575,759	451	1,092	1,543
LOWER YUKON	22,242,490	9,829,649	\$ 32,072,139	1,089	669	1,758
CHATHAM	9,024,224	19,682,839	\$ 28,707,063	358	646	1,004
DELTA-GREELEY	14,997,750	11,581,805	\$ 26,579,555	460	445	905
COPPER RIVER	9,268,886	13,233,987	\$ 22,502,873	283	596	879
ALEUTIAN REGION	326,148	18,775,462	\$ 19,101,610	15	479	494
YUKON FLATS	6,944,361	11,657,499	\$ 18,601,860	239	278	517
AK GATEWAY	8,685,353	9,170,488	\$ 17,855,841	255	454	709
ANNETTE ISLAND	10,596,318	5,136,734	\$ 15,733,052	381	186	567
PRIBILOF IS.	5,206,387	8,384,196	\$ 13,590,583	168	456	624
BERING STRAIT	4,225,098	8,144,761	\$ 12,369,859	348	652	1,000
CHUGACH	1,989,053	8,542,651	\$ 10,531,704	61	276	337
YUKON-KOYUKUK	3,879,926	6,014,779	\$ 9,894,705	226	138	364
KUSPUK	6,522,797	2,727,825	\$ 9,250,622	198	131	329
IDITAROD	7,311,887	1,527,993	\$ 8,839,880	264	93	357
<b>TOTALS</b>	<b>\$ 195,748,233</b>	<b>\$ 265,243,666</b>	<b>\$460,991,899</b>	<b>7,338</b>	<b>11,003</b>	<b>18,341</b>

**NOTES**

1) REAA Estimated population - 1996 -> 19 yrs. of age = 31,155

2) 3% School Tax on Gross Earnings = \$13.93 million (remitted quarterly on current ESD report)

3) \$13.93 million divided by 18,541 wage earners = \$751.31 / yr. "head tax".

4) 1996 State Support to REAA's was ~\$135,000,000.

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Categorical  
Funding

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# Categorical Funding

Monies identified through the foundation formula for special education needs.

i.e.

GT, Bi-Lingual, Bi-Cultural,  
Voc Ed.

\*\*\*\*\*

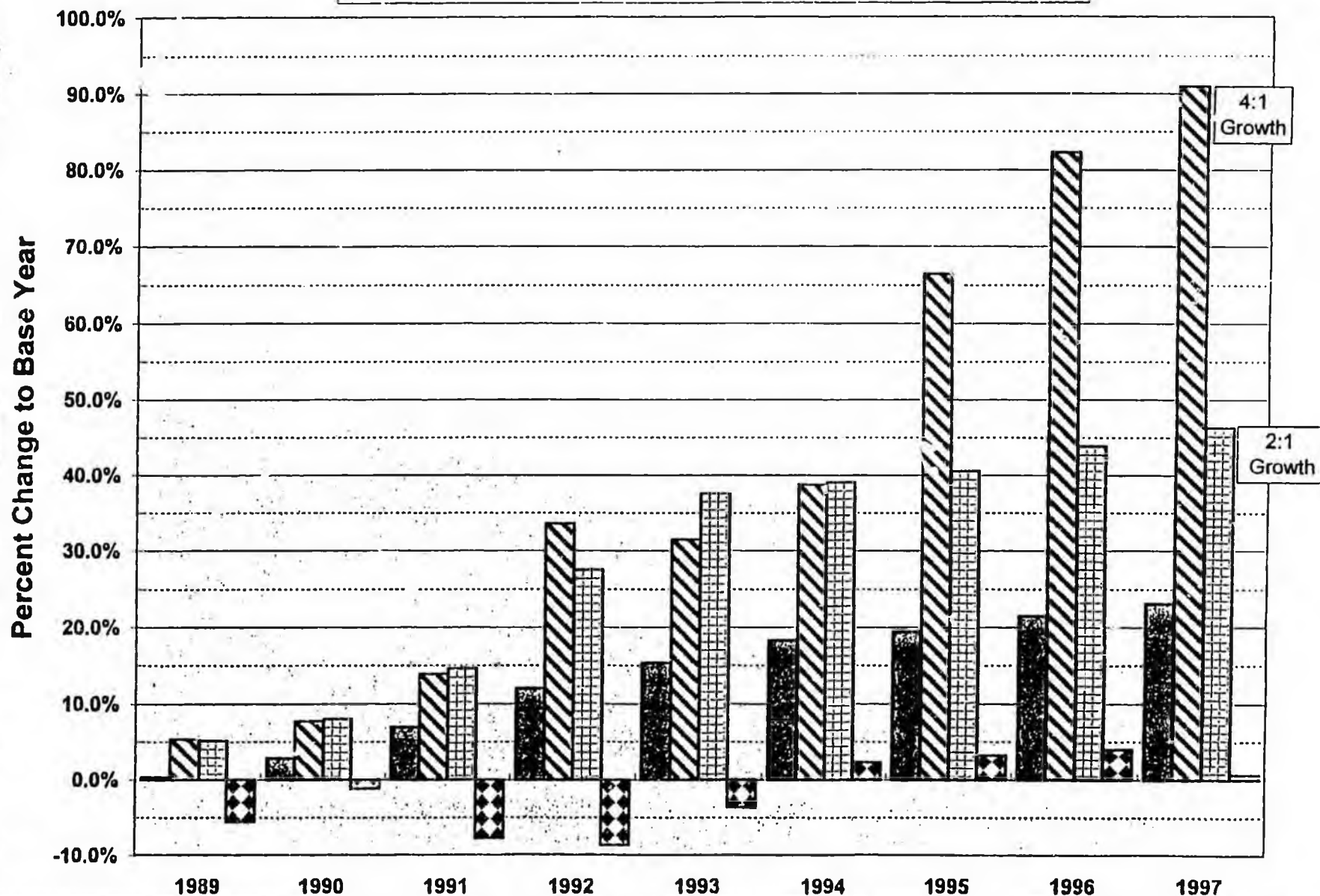
## Current Formula

Districts define & count, then State Provides Funding based on definition & count, but...

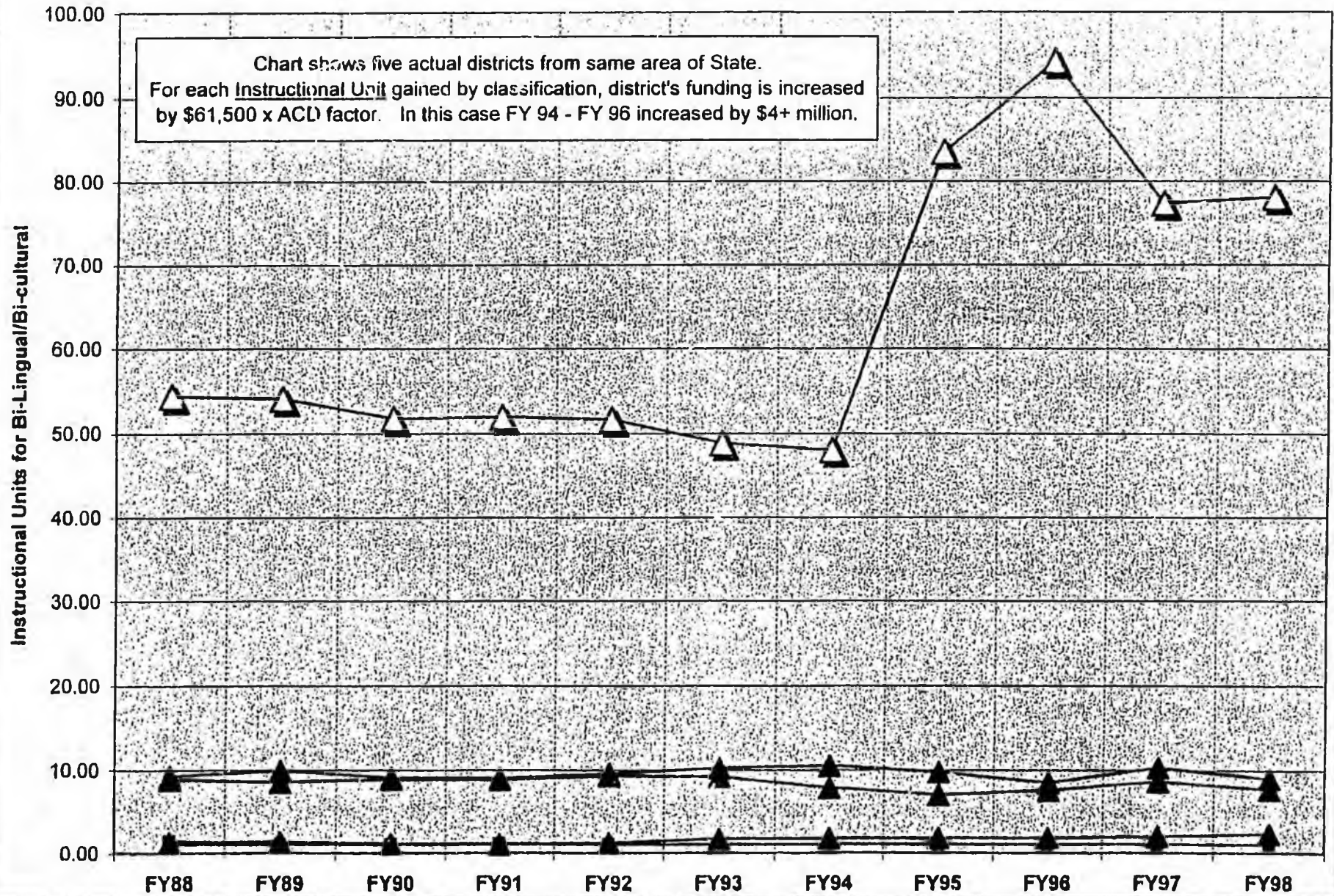
Audits are minimal and Districts are not required to spend them for categorical needs

## Growth in Categorical Funding Requirements (1988 to 1997) Percent Change to Base Year (1988)

- |   |  |
|---|--|
| <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></span> Attendance | <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; background: repeating-linear-gradient(-45deg, transparent, transparent 2px, black 2px, black 4px);"></span> Bilingual/Bicultural |
| <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; background: radial-gradient(circle, black 1px, transparent 1px); background-size: 4px 4px;"></span> Special Education | <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></span> Vocational Education  |



## Bi-Lingual/Bi-Cultural Instructional Units 1988 to 1998 Actual Example Districts



22

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# Senate Bill 36

## Results of Legislation

4/29/98 pm

**ASSESSED VALUES and TAX RATES (from C&RA's Alaska Taxable)**  
**NORTH SLOPE BOROUGH**

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>Assessed Values</b>											
North Slope (local assessed FVD)	\$275,236,000	\$191,190,000	\$175,660,300	\$193,226,400	\$202,946,000	\$202,052,900	\$233,076,200	\$219,068,800	\$202,773,100	\$209,362,900	\$283,962,200
State Assessed (AS 43.56)	\$12,300,358,720	\$12,100,779,430	\$11,786,114,000	\$11,804,162,680	\$12,290,672,660	\$12,335,419,180	\$11,940,949,430	\$12,072,123,590	\$12,088,395,460	\$11,920,752,560	\$11,465,052,290
<b>Total</b>	<b>\$12,575,594,720</b>	<b>\$12,291,969,430</b>	<b>\$11,961,774,300</b>	<b>\$11,997,389,080</b>	<b>\$12,493,618,660</b>	<b>\$12,537,472,080</b>	<b>\$12,174,025,630</b>	<b>\$12,291,192,390</b>	<b>\$12,291,168,560</b>	<b>\$12,130,115,460</b>	<b>\$11,749,014,490</b>
<b>225% Calculation</b>											
Applicable Population	11,956	10,904	11,375	12,050	12,050	12,503	12,753	12,188	12,715	13,24	12,938
Statewide per capita Valuation	\$96,195	\$83,430	\$73,354	\$73,190	\$72,683	\$70,617	\$72,270	\$70,690	\$72,293	\$72,08	\$74,474
225% Assessed Value Limit	\$2,587,741,695	\$2,046,871,620	\$1,877,403,937	\$1,984,363,875	\$1,970,617,838	\$1,986,579,789	\$2,073,733,448	\$1,938,531,870	\$2,068,212,364	\$2,147,749,740	\$2,167,975,377
<b>Budget</b>											
Operating Budget Amount	\$0	\$5,776,769	\$46,913,822	\$43,571,200	\$54,307,531	\$59,597,394	\$62,212,003	\$58,155,956	\$62,046,371	\$64,432,490	\$60,009,558
Debt Service Amount	\$230,926,092	\$220,034,650	\$172,495,228	\$173,929,600	\$172,546,745	\$175,481,058	\$162,305,965	\$166,928,940	\$165,652,305	\$164,117,500	\$157,100,000
<b>Tax Rate Calculation</b>											
Mill Rate on 225% limit	0.00	5.52	24.99	21.96	27.56	30.00	30.00	30.00	30.00	30.00	27.68
225% Borough to All Prop. Rate	0.00	0.47	3.93	3.68	4.36	4.76	5.12	4.78	5.06	4.78	5.12
Debt Service Rate for All Property	18.37	17.90	14.44	14.69	13.85	14.01	13.36	13.72	13.50	13.50	13.39
<b>Total Rate</b>	<b>18.37</b>	<b>18.37</b>	<b>18.37</b>	<b>18.37</b>	<b>18.21</b>	<b>18.77</b>	<b>18.48</b>	<b>18.50</b>	<b>18.56</b>	<b>18.50</b>	<b>18.51</b>

**VALDEZ**

<b>Assessed Values</b>											
Valdez (local assessed FVD)	\$170,040,400	\$143,116,500	\$139,680,300	\$161,465,400	\$159,323,600	\$174,540,100	\$226,434,100	\$239,870,500	\$262,017,800	\$246,983,600	\$251,055,500
State Assessed (AS 43.56)	\$1,395,294,400	\$1,314,014,820	\$1,230,690,600	\$1,139,761,160	\$1,049,877,060	\$971,717,730	\$891,214,810	\$812,643,310	\$729,831,020	\$706,931,800	\$692,583,260
<b>Total</b>	<b>\$1,565,334,800</b>	<b>\$1,457,131,320</b>	<b>\$1,370,370,900</b>	<b>\$1,301,226,560</b>	<b>\$1,209,200,660</b>	<b>\$1,146,257,830</b>	<b>\$1,117,648,910</b>	<b>\$1,052,513,810</b>	<b>\$991,848,820</b>	<b>\$953,915,400</b>	<b>\$943,638,760</b>
<b>225% Calculation</b>											
Applicable Population	3,687	3,686	3,686	7,193	4,635	4,360	4,360	4,301	4,713	4,460	4,254
Statewide per capita Valuation	\$96,195	\$83,430	\$73,354	\$73,190	\$72,683	\$70,617	\$72,270	\$70,690	\$72,293	\$72,08	\$74,474
225% Assessed Value Limit	\$798,009,671	\$691,926,705	\$608,361,399	\$1,184,525,258	\$757,992,836	\$692,752,770	\$708,968,700	\$684,084,803	\$766,613,045	\$724,782,420	\$712,827,891
<b>Budget</b>											
Operating Budget Amount	\$9,306,243	\$15,157,956	\$15,519,220	\$9,423,629	\$8,687,657	\$11,848,519	\$10,946,684	\$15,145,629	\$15,357,893	\$14,769,320	\$15,679,396
Debt Service Amount	\$10,574,445	\$10,390,764	\$9,848,094	\$9,663,813	\$9,931,054	\$9,372,574	\$9,337,614	\$3,961,847	\$2,177,799	\$1,830,610	\$1,919,736
<b>Tax Rate Calculation</b>											
Mill Rate on 225% limit	11.6618	21.9069	25.5090	7.9560	11.4600	17.1000	15.4400	22.1400	20.0300	20.3800	22.0000
225% Converted to All Prop. Rate	5.7011	10.8110	11.7976	7.6630	7.5813	10.9916	10.6240	15.753	17.24577	16.575	18.491
Debt Service Rate for All Property	7.0000	7.4110	7.4864	7.8580	8.6663	8.6947	9.0620	4.121	2.44551	2.054	2.764
<b>Total Rate</b>	<b>12.7011</b>	<b>18.2220</b>	<b>19.2840</b>	<b>15.5210</b>	<b>16.2476</b>	<b>19.6863</b>	<b>19.686</b>	<b>19.874</b>	<b>19.69</b>	<b>18.00</b>	<b>20.76</b>

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**VALDEZ**

<b>Assessed Values</b>											
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<b>Total Rate</b>	<b>12.7011</b>	<b>18.2220</b>	<b>19.2840</b>	<b>15.5210</b>	<b>16.2476</b>	<b>19.6863</b>	<b>19.686</b>	<b>19.874</b>	<b>19.69</b>	<b>18.600</b>	<b>20.76</b>

**SB**

**36**

*(File 2)*

**HFIN**

**FILE**

**PUBLIC**

**TESTI-**

**MONY**



Apr-22-93 06:01 MENTASTA LAKE INFO OFFICE 19072912325 587 883 5021 P.02

time or place to take any in-  
dian case before the U.S.

Please see Page B-3. REMBEREN

Pussy willows burst out recently off Northern Lights  
Boulevard near Earthquake Park. Warm tempera-

tures have led buds and bugs to appear all across  
town, marking the start of the growing season.

ANNE MARC / Anchorage ECR Press

# Trust Randy Phillips to make a mess of state ed

Whoever put Randy Phillips in charge of school funding should have known better. This is Phillips' 21st year in the Alaska Legislature, plenty of time for his colleagues to take his measure. Their assessment seems clear: Phillips never has been put in charge of any major piece of legislation or important committee. He's gotten things like the Community and Regional Affairs Committee, where he couldn't do much damage. If you look up "undistakwutlakod carew" in the dictionary, you'll find a sketch of Randy Phillips.



**MIKE DROGAN**

Now, it's true Senate President Mike Miller doesn't have much to work with. Maybe when he looked around the caucus for somebody to take charge of education funding, Phillips was the one who looked least like a piece of furniture. Sitting next to Bert Sharp or Jerry

Ward, he could pass for Isaac Newton. But out in the real world, he seems more like Wayne Newton, taking an important, complicated public policy issue and making a mess of it.

Here's what Phillips wants to do: Take \$30-plus million away from small, mostly Native, Bush school districts and give the money to big, mostly white, city school districts.

Why? Well, Phillips claims the way education is funded now is unfair. Who is it unfair to? Anchorage. Why is it unfair? Because, Phillips says over and over and over, Anchorage has 40 percent of the students but gets only 30 percent of the funding.

There may be good reasons to change the way public schools are funded, but this isn't one of them. Just as it costs more to live in Anchorage than, say, Hakl Knob, Ark., it costs more to live in Galena than Anchorage. Everything costs more there, including education. So if everyone in the state were getting exactly the same amount of education, you'd expect Galena to get more money per student than Anchorage. In the real world,

Phillips' 30-40 cheat is meaningless.

That's cost. Let's talk product. Students in Anchorage get a better education than students in Galena. Measure that in opportunities, test scores, college qualifications, employability, any way you want. If you wanted equity in the educational product, you'd want to send more money to Galena, not less.

But Phillips isn't interested in the education part of education funding. He's interested in the funding part. Specifically, the fact that people in Anchorage pay property taxes for education, and people in some parts of rural Alaska don't. I guess it hasn't occurred to him that a tax on a bunch of decaying BIA houses might not bring in much. Or that people might have to pay in chum salmon.

Here's the problem with making intelligent state policy: It requires intelligence. It requires asking questions and gathering facts and challenging assumptions. Most of all, it requires thinking, and neither Phillips nor his Republican colleagues want any part of that thinking stuff. Because thinking might lead to hard questions. Like: If Anchorage needs

2 of 5

TOTAL P.02

3 of 5

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special prosecution in either case. Taylor, who is running for governor, said the Knowles administration has an apparent conflict of interest in both cases.

Earlier in the year, the judiciary panel hired an attorney to look into the state's in-

Please see Page B-2, PROSECUTORS

# Education funding

more money for schools, why doesn't it get rid of its property tax cap? Or: If cities need more money for schools, why don't lawmakers raise more, instead of robbing Galena to pay Anchorage? Isn't this a state without an income tax? Don't we expect to have more than \$1 billion in Permanent Fund earnings, after dividends and inflation-proofing? How can we be so poor that we have to rob Bush schools?

Tell me this: Have you heard any discussion about any of these questions? About real problems with the current funding for education, and fair ways to change it? About real costs or real educational products or whether, really, it's good public policy to simply steal from your neighbors? The fact you haven't should tell you a lot about the motives and character of the people pushing this sleazy grab for cash.

Mike Doogan's opinion column appears each Tuesday, Friday and Sunday. His telephone number is 287-4330 and his e-mail address is mdoogan@adn.com.

mikedoogan@adn.com

TO: ~~Barb~~ Barb

Anch. DAILY NEWS (4/17/98)

FYI

fr Jan P. @ L10  
~~REPORTED~~