

**ALASKA LEGISLATURE**

**2447**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

**District Adjusted Average Daily Membership (ADM)**

- Step 1. Adjust: ADM for School Size
  - Step 2. Apply: District Cost Factor
  - Step 3. Apply: Special Needs Factor
  - Step 4. Add: Intensive Services Count
  - Step 5. Add: Correspondence Student Counts
- = District Adjusted (ADM)**

**Basic Need**

Multiply the district adjusted ADM by the base student allocation to determine Basic Need. The base student allocation is \$4,010.

**School Size Table**

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-219.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

**Intensive services and correspondence student counts are not adjusted for size.**

### **ADM Reporting Requirements**

ADM – is the average number of enrolled students during the 20-school day count period. The 20-school day count ends the fourth Friday of October. Reports are due within two weeks after the end of the 20-school day count period.

### **School Size Adjustment**

For each school in the district subtract from the ADM all correspondence counts. Adjust the remaining ADM of each school using the school size factor table.

1. A community with an ADM under 10:
  - Added to the smallest school with an ADM greater than 10.
2. A community with an ADM from 10 - 100:
  - Grades K-12 ADM combined and adjusted once, adjusted as one school.
3. A community with an ADM from 101 - 425:
  - ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.
4. A community with an ADM greater than 425:
  - Each facility administered as one school, counted as one school, ADM is used as one school.
  - Alternative schools with an ADM of less than 200 combined are adjusted with the school with the greatest ADM in the district.
  - If an alternative school ADM is greater than 200, the ADM will be adjusted once.
  - A Charter school with an ADM of 150 or greater will be adjusted once.
5. Using the proper formula from the school size factor table, calculate the adjusted ADM for each school.

### **District Cost Factors**

- Cost factors are specific to each school district.
- District cost factors range from 1.000 to 1.736.
- The department monitors the district cost factors and submits a report to the legislature on January 15 every other fiscal year, beginning in FY01.
- The districts school size adjusted ADM is multiplied by the district cost factor.

### **Special Needs Funding**

Vocational education, special education (except intensive special education), gifted/talented education, and bilingual/bicultural education are block funded. A district must file a plan with the department indicating the special needs services that will be provided, Section 14.17.420(2)(b), to qualify for special needs funding.

The districts school size adjusted ADM is multiplied by the Special Needs factor of 1.20.

### **Intensive Services Funding**

A school district receives funding for intensive special education students that:

- Are receiving intensive services, and;
- are enrolled on the last day of the 20 school day count period, and;
- have an established Individual Education Plan (IEP).

The districts intensive student count is multiplied by five.

### **Correspondence Programs**

Funding for correspondence programs is calculated by multiplying the correspondence ADM by 80%.

## **PUBLIC SCHOOL FUNDING ELEMENTS**

The components of Public School Funding are state aid, required local contribution, and Title VIII Impact Aid.

### **State Aid**

Basic Need minus a required local contribution minus 90% eligible federal Impact Aid plus the amount of funding 'Floor' plus Quality School Grants equal state aid.

### **Basic Need**

The adjusted district ADM multiplied by the base student allocation, \$4,010.

### **Required Local Contribution**

The equivalent of a four mill tax levy on the Full and True Value of the taxable real and personal property in the district not to exceed 45% of the district's Basic Need for the preceding fiscal year. *However*, beginning in FY02, only 50% of the *increase* in real and personal property over the the 1999 Full and True Value is used for the 4 mill equivalent calculation rather than the Full and True Value.

### **Maximum Local Contribution**

Maximum local contribution is the required local contribution plus 23% of Basic Need or a 2 mill equivalent of the Full and True Value of the taxable and real property within the district, whichever is greater.

### **Title VIII Impact Aid**

Federal Impact Aid provides funds to school districts for children of parents living and/or working on federal property "in-lieu of local tax revenues." 90% of the eligible funds are used in the calculation of state aid.

### **Adjustments to the Funding 'Floor'**

The funding 'Floor' was established in FY 99 to provide funds for districts generating less state aid using the New Funding Formula and bridges the transition between the programs. All adjustments to the 'Floor' are reductions. There are two ways that the 'Floor' can be adjusted:

- 1) If the Basic Need in the current fiscal year is greater than the Basic Need in the prior fiscal year, find the difference, then multiply the difference by 40%. Subtract this number from the funding 'Floor' to arrive at the new 'Floor', for the current fiscal year.
- 2) If the ADM decreases by 5% or more over FY99, then reduce the funding 'Floor' by that same percentage.

Please Note: No action is taken to the funding 'Floor' if:

- 1) The current fiscal year Basic Need is less than the prior year Basic Need or,
- 2) The ADM has not decreased by 5% or more since FY99.

### **Quality School Grants**

The districts adjusted ADM multiplied by \$16 generates the amount the school district is eligible to receive.

**Example: Nome School District**

		Column
<b>I. Basic Need</b>		
Projected ADM	764.00	L
Adjusted ADM-School Size	933.89	O
Apply District Cost Factor	<u>x 1.319</u>	
	1,231.80	Q
Apply Special Needs Factor	<u>x 1.20</u>	
	1,478.16	R
Add Intensive Service Counts	<u>5.00</u>	T
(1 x 5) = 5.00	1,483.16	U
Add Correspondence Counts	<u>0.00</u>	V
(8.00 * .80) = 6.40		
<b>District Adjusted ADM</b>	<b>1,483.16</b>	<b>W</b>
Multiply by \$4,010 base allocation	<u>x \$4,010.00</u>	
<b>Basic Need:</b>	<b>\$5,947,472</b>	<b>B</b>
<b>II. Nome's State Aid</b>		
Basic Need	\$5,947,472	B
Required Local Contribution	(798,141)	D
Impact Aid	<u>(27,473)</u>	G
State Aid	\$5,121,858	H
<b>III. Quality Schools Grant</b>		
District adjusted ADM x \$16	1,445.10	
	<u>x \$16.00</u>	
	\$23,731	I
State Aid	\$5,121,858	H
FY2002 Adjusted 'Floor'	0	C
Quality Schools Grant	<u>23,731</u>	I
<b>Total State Aid</b>	<b>\$5,145,589</b>	<b>J</b>

# Alaska Department of Education & Early Development

January 2003

FY2004 Updated Projections

Department of Education & Early Development

Foundation Program

L+M

Q&P

Px1.20

S&S

R+T

Mx.80

U+V

	K	L	M	N	O	P	Q	R	S	T	U	V	W
1	School District	Projected FY04 ADM	Projected Corresp. ADM	FY04 Projected Total ADM	Adj for School Size ADM	District Cost Factor	Adjusted for Cost Factor	Special Needs Factor 1.20	Special Ed Int.	Adjusted for Spec Ed Int *5.00	Students + Intensive Special Education	District Corresp. %0%	District Adjusted ADM
2	Alaska Gateway	445.00	56.00	501.00	744.57	1.291	961.24	1153.49	6	30	1183.49	44.80	1228.29
3	Alutian Region	46.00	0.00	46.00	118.80	1.736	206.24	247.49	1	5	252.49	0.00	252.49
4	Aleutians East	272.00	1.00	273.00	532.09	1.423	757.16	908.59	0	0	908.59	0.80	909.39
5	Anchorage	49274.00	671.00	49945.00	53116.34	1.000	53116.34	63739.61	738	3690	67429.61	536.80	67966.41
6	Annette Island	290.65	0.00	290.65	424.33	1.011	428.99	514.79	3	15	529.79	0.00	529.79
7	Bering Strait	1814.00	0.00	1814.00	2906.56	1.525	4432.50	5319.00	7	35	5354.00	0.00	5354.00
8	Bristol Bay	236.00	0.00	236.00	381.82	1.262	481.86	578.23	3	15	593.23	0.00	593.23
9	Chatham	224.00	0.00	224.00	399.88	1.120	447.87	537.44	3	15	552.44	0.00	552.44
10	Chugach	95.00	120.00	215.00	181.00	1.294	234.21	281.05	0	0	281.05	96.00	377.05
11	Copper River	535.25	136.50	671.75	858.95	1.176	1010.13	1212.16	4	20	1232.16	109.20	1341.36
12	Cordova	470.00	0.00	470.00	619.80	1.096	679.30	815.16	6	30	845.16	0.00	845.16
13	Crig	390.50	480.00	870.50	569.14	1.010	574.83	689.80	11	55	744.80	384.00	1128.80
14	Delta/Grceely	845.00	395.00	1240.00	1110.40	1.106	1228.10	1473.72	13	65	1538.72	316.00	1854.72
15	Denali	311.00	20.00	331.00	493.37	1.313	647.79	777.35	7	35	812.35	16.00	828.35
16	Dillingham	525.06	0.00	525.06	674.70	1.254	846.07	1015.28	8	40	1055.28	0.00	1055.28
17	Fairbanks	14841.00	239.00	15080.00	16441.68	1.039	17082.91	20499.49	280	1400	21899.49	191.20	22090.69
18	Galena	243.00	3700.00	3943.00	363.81	1.348	490.42	588.50	1	5	593.50	2960.00	3553.50
19	Haines	280.00	11.00	291.00	436.43	1.008	439.92	527.90	3	15	542.90	8.80	551.70
20	Hoonah	188.85	0.00	188.85	295.04	1.055	311.27	373.52	6	30	403.52	0.00	403.52
21	Hydaburg	88.00	0.00	88.00	139.36	1.085	151.21	181.45	1	5	186.45	0.00	186.45
22	Iditarod Area	317.00	100.00	417.00	563.23	1.470	827.95	993.54	2	10	1003.54	80.00	1083.54
23	Juneau	5221.00	53.00	5274.00	5669.38	1.005	5697.73	6837.28	127	635	7472.28	42.40	7514.68
24	Kake	157.00	0.00	157.00	254.37	1.025	260.73	312.88	1	5	317.88	0.00	317.88
25	Kashunamiut	360.00	0.00	360.00	501.00	1.389	695.89	835.07	3	15	850.07	0.00	850.07
26	Kenai Peninsula	9064.00	392.00	9456.00	11392.50	1.004	11438.07	13725.68	67	335	14060.68	313.60	14374.28
27	Ketchikan Gateway	2364.00	25.00	2389.00	2770.15	1.000	2770.15	3324.18	28	140	3464.18	20.00	3484.18
28	Klawock	158.00	3.00	161.00	255.86	1.017	260.21	312.25	3	15	327.25	2.40	329.65
29	Kodiak Island	2714.00	25.00	2739.00	3321.61	1.093	3630.52	4356.62	27	135	4491.62	20.00	4511.62
30	Kuspuk	476.00	0.00	476.00	817.90	1.434	1172.87	1407.44	0	0	1407.44	0.00	1407.44
31	Lake & Peninsula	402.00	0.00	402.00	784.06	1.558	1221.57	1465.88	3	15	1480.88	0.00	1480.88
32	Lower Kuskokwim	3768.00	0.00	3768.00	5609.40	1.491	8363.62	10036.34	45	225	10261.34	0.00	10261.34
33	Lower Yukon	2073.25	0.00	2073.25	3136.40	1.438	4510.14	5412.17	13	65	5477.17	0.00	5477.17
34	Mat-Su	13065.00	895.00	13960.00	14966.82	1.010	15116.49	18139.79	300	1500	19639.79	716.00	20355.79
35	Nemana	202.00	500.00	702.00	308.88	1.270	392.28	470.74	4	20	490.74	400.00	890.74
36	Nome	764.00	0.00	764.00	933.89	1.319	1231.80	1478.16	1	5	1483.16	0.00	1483.16
37	North Slope	1934.00	10.00	1944.00	2642.72	1.504	3974.65	4769.58	3	15	4784.58	8.00	4792.58
38	Northwest Arctic	2163.00	10.00	2173.00	3072.69	1.549	4759.60	5711.52	11	55	5766.52	8.00	5774.52
39	Pelican	18.00	0.00	18.00	39.60	1.290	51.08	61.30	1	5	66.30	0.00	66.30
40	Petersburg	601.00	0.00	601.00	817.00	1.000	817.00	980.40	8	40	1020.40	0.00	1020.40
41	Pribilof	136.00	0.00	136.00	234.64	1.419	332.95	399.54	0	0	399.54	0.00	399.54
42	Sitka	1475.00	35.00	1510.00	1757.45	1.000	1757.45	2108.94	22	110	2218.94	28.00	2246.94
43	Skagway	104.00	0.00	104.00	177.16	1.143	202.49	242.99	0	0	242.99	0.00	242.99
44	Southeast Island	207.00	12.00	219.00	443.31	1.124	498.28	597.94	0	0	597.94	9.60	607.54
45	Southwest Region	723.35	0.00	723.35	1202.83	1.423	1711.63	2053.96	4	20	2073.96	0.00	2073.96
46	Saint Mary's	185.00	0.00	185.00	289.05	1.351	390.51	468.61	1	5	473.61	0.00	473.61
47	Tanana	60.00	40.00	100.00	100.50	1.496	150.35	180.42	2	10	190.42	32.00	222.42
48	Unalaska	415.52	0.00	415.52	560.96	1.245	698.40	838.08	1	5	843.08	0.00	843.08
49	Valdez	888.00	20.00	908.00	1097.06	1.095	1201.28	1441.54	8	40	1481.54	16.00	1497.54
50	Wrangell	415.00	0.00	415.00	560.40	1.000	560.40	672.48	1	5	677.48	0.00	677.48
51	Yakutat	122.00	0.00	122.00	203.98	1.046	213.36	256.03	3	15	271.03	0.00	271.03
52	Yukon Flats	286.00	4.00	290.00	540.79	1.668	902.04	1082.45	4	20	1102.45	3.20	1105.65
53	Yukon/Koyukuk	450.00	500.00	950.00	849.35	1.502	1275.72	1530.86	7	35	1565.86	400.00	1965.86
54	Yupit	416.00	0.00	416.00	657.08	1.469	965.25	1158.30	2	10	1168.30	0.00	1168.30
55	ACS	0.00	1200.00	1200.00	0.00	1.000	0.00	0.00	0	0	0.00	960.00	960.00
56	Mt. Edgecumbe	330.00	0.00	330.00	403.70	1.000	403.70	484.44	0	0	484.44	0.00	484.44
57													
58	TOTALS:	123,448.43	9,653.50	133,101.93	147,743.78	0.000	162,984.52	195,581.42	1,803	9,015	204,596.42	7,722.80	212,319.22


# Alaska Department of Education & Early Development

January 2003  
 FY2004 Updated Projections  
 Department of Education & Early Development  
 Foundation Program

	A	B	C	D	E	F	G	H	I	J
1	School District	\$4,010 Basic Need	Required Local Effort	Federal Impact AID	Impact AID Percent	Deductible Impact AID 90.0%	State AID	FY2004 Adjusted Floor	Quality Schools	FY04 Total Entitlement
2	Alaska Gateway	4,925,443	0	297,979	100.00%	268,181	4,657,262	182,953	19,653	4,859,868
3	Aleutian Region	1,012,485	0	255,360	100.00%	229,824	782,661	164,779	4,040	951,480
4	Aleutians East	3,646,654	371,742	1,021,573	51.27%	471,384	2,803,528	0	14,550	2,818,078
5	Anchorage	272,545,304	69,729,060	9,986,910	59.21%	5,321,924	197,494,320	0	1,087,463	198,581,783
6	Annette Island	2,124,458	0	1,010,888	100.00%	909,799	1,214,659	0	8,477	1,223,136
7	Bering Strait	21,469,540	0	6,844,248	100.00%	6,159,823	15,309,717	0	85,664	15,395,381
8	Bristol Bay	2,378,852	767,940	466,204	74.17%	311,205	1,299,707	0	9,492	1,309,199
9	Chatham	2,215,284	0	520,078	100.00%	468,070	1,747,214	0	8,839	1,756,053
10	Chugach	1,511,971	0	123,286	100.00%	110,957	1,401,014	436,250	6,033	1,843,297
11	Copper River	5,378,854	0	251,825	100.00%	226,643	5,152,211	0	21,462	5,173,673
12	Cordova	3,389,092	685,035	24,284	54.00%	11,802	2,692,255	4,228	13,523	2,710,006
13	Craig	4,526,488	409,579	318,658	38.35%	109,985	4,006,924	0	18,061	4,024,985
14	Delta/Greely	7,437,427	0	169,830	100.00%	152,847	7,284,580	0	29,676	7,314,256
15	Denali	3,321,684	551,138	10,026	43.33%	3,910	2,766,636	0	13,254	2,779,890
16	Dillingham	4,231,673	585,855	460,134	53.75%	222,590	3,423,228	79,814	16,884	3,519,926
17	Fairbanks	88,583,667	19,800,718	10,334,434	58.57%	5,447,590	63,335,359	0	353,451	63,688,810
18	Galena	14,249,535	72,361	0	3.50%	0	14,177,174	1,254,724	56,856	15,488,754
19	Haines	2,212,317	829,391	0	57.64%	0	1,382,926	5,943	8,827	1,397,696
20	Hoonah	1,618,115	124,301	590,199	23.81%	126,474	1,367,340	31,873	6,456	1,405,669
21	Hydaburg	747,665	32,980	342,214	15.00%	46,199	668,486	127,769	2,983	799,238
22	Iditarod Area	4,344,995	0	544,546	100.00%	490,091	3,854,904	521,034	17,337	4,393,275
23	Juneau	30,133,867	10,755,240	0	60.31%	0	19,378,627	0	120,235	19,498,862
24	Kake	1,274,699	72,538	440,670	20.07%	79,598	1,122,563	27,198	5,086	1,154,847
25	Kashunamiut	3,408,781	0	1,211,870	100.00%	1,090,683	2,318,098	0	13,601	2,331,699
26	Kenai Peninsula	57,640,863	17,843,057	0	57.23%	0	39,797,806	0	229,988	40,027,794
27	Ketchikan Gateway	13,971,562	4,488,957	8,368	62.01%	4,670	9,477,935	0	55,747	9,533,682
28	Klawock	1,321,897	129,004	568,072	33.04%	168,922	1,023,971	167,893	5,274	1,197,138
29	Kodiak Island	18,091,596	3,880,880	1,656,529	51.67%	770,336	13,440,380	0	72,186	13,512,566
30	Kuspuk	5,643,834	0	1,365,892	100.00%	1,229,303	4,414,531	32,127	22,519	4,469,177
31	Lake & Peninsula	5,938,329	255,003	1,491,927	16.71%	224,371	5,458,955	181,194	23,694	5,663,843
32	Lower Kuskokwim	41,147,973	0	10,109,347	100.00%	9,098,412	32,049,561	3,480,529	164,181	35,694,271
33	Lower Yukon	21,963,452	0	6,289,054	100.00%	5,660,149	16,303,303	0	87,635	16,390,938
34	Mat-Su	81,626,718	13,404,794	0	44.17%	0	68,221,924	0	325,693	68,547,617
35	McMena	3,571,867	70,880	270	94.38%	229	3,500,758	0	14,252	3,515,010
36	Nome	5,947,472	798,141	49,243	61.99%	27,473	5,121,858	0	23,731	5,145,589
37	North Slope	19,218,246	8,890,663	6,373,810	36.23%	2,078,308	8,249,275	0	76,681	8,325,956
38	Northwest Arctic	23,155,825	1,526,769	5,629,612	37.01%	1,875,167	19,753,889	0	92,392	19,846,281
39	Pelican	265,863	46,251	0	94.22%	0	219,612	167,565	1,061	388,238
40	Petersburg	4,091,804	941,092	378	46.72%	159	3,150,553	0	16,326	3,166,879
41	Pribilof	1,602,155	0	583,644	100.00%	525,280	1,076,875	27,075	6,393	1,110,343
42	Sitka	9,010,229	2,677,839	18,778	56.12%	9,484	6,322,906	0	35,951	6,358,857
43	Skagway	974,390	461,248	0	51.53%	0	513,142	174,011	3,888	691,041
44	Southeast Island	2,436,235	0	203,738	100.00%	183,364	2,252,871	388,803	9,721	2,651,395
45	Southwest Region	8,316,580	0	2,807,604	100.00%	2,526,844	5,789,736	0	33,183	5,822,919
46	St. Mary's	1,899,176	17,869	22,397	42.55%	8,577	1,872,730	0	7,578	1,880,308
47	Tanana	891,904	22,973	71,581	30.17%	19,436	849,495	23,106	3,559	876,160
48	Unalaska	3,380,751	1,428,225	3,238	64.70%	1,885	1,950,641	226,533	13,489	2,190,663
49	Valdez	6,005,135	2,636,248	0	55.54%	0	3,368,887	434,065	23,961	3,826,913
50	Wrangell	2,716,695	593,989	3,982	71.88%	2,576	2,120,130	0	10,840	2,130,970
51	Yakutat	1,086,830	201,923	170,108	43.07%	65,939	818,968	140,748	4,336	964,052
52	Yukon Flats	4,433,657	0	1,240,010	100.00%	1,116,009	3,317,648	746,649	17,690	4,081,987
53	Yukon/Koyukuk	7,883,099	0	1,851,033	100.00%	1,665,930	6,217,169	2,663	31,454	6,251,286
54	Yupit	4,684,883	0	1,342,995	100.00%	1,208,696	3,476,187	347,077	18,693	3,841,957
55	ACS	3,849,600	0	0	0.00%	0	3,849,600	0	15,360	3,864,960
56	ML Edgemont	1,942,604	0	461,914	100.00%	415,723	1,526,881	0	7,751	1,534,632
57								Miliary flow through		26,096,130
58	TOTALS:	851,400,074	165,103,683	77,548,738		51,146,821	635,149,570	9,376,603	3,397,110	674,019,383



Public School Funding Formula Overview

  
**Alaska Public School  
 Funding Formula Overview**

Presented by: Eddy Jeans  
 School Finance Manager, EED  
 Eddy.Jeans@eed.state.ak.us  
 (907)465-2891

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**Senate Bill 36**

The current state public school funding formula was adopted under SB 36 in 1998. And was implemented in 1999.

The public school funding formula is defined in Alaska Statute 14.17

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**This presentation provides an overview of:**

1. Calculation of Adjusted Average Daily Membership (ADM)
2. Calculations of Basic Need - (*Entitlement*)
3. Components of Basic Need - (*Who Pays*)
4. Additional Funds above Basic Need
5. Components of State Aid

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## Public School Funding Formula Overview

### Average Daily Membership

#### ADM Reporting Requirements

- Average Daily Membership - is the number of enrolled students during the 20-school-day count period ending on the fourth Friday of October.
- Reports are due within two weeks after the end of the 20-school-day count period.
- Projected student count reports are due November 5.

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### Who Qualifies as a Student?

#### Eligibility for State Foundation Funding:

- A child who is 6 years of age before August 15<sup>th</sup>, and under the age of 20, and has not completed the 12<sup>th</sup> grade. (AS 14.03.070)
- A child who is 5 years of age before August 15<sup>th</sup>, following the beginning of the school year, may enter kindergarten. (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may enter school at the age of 3 and under the age of 22. (AS 14.30.180 (1))

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### 5 Steps to District Adjusted ADM

#### USED TO CALCULATE ENTITLEMENT

- Step 1. *Adjust:* ADM for School Size  
Step 2. *Apply:* District Cost Factor  
Step 3. *Apply:* Special Needs Factor  
Step 4. *Add:* Intensive Services Counts  
Step 5. *Add:* Correspondence Student Counts  
= District Adjusted ADM

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# Public School Funding Formula Overview

**Step 1. Adjust the ADM for School Size**

ADM under 10:  
Added to the smallest school with an ADM greater than 10

A Community with an ADM of 10 through 100:  
Grades K-12 ADM is combined and adjusted once; adjusted as one school.

A Community with an ADM of 101 through 425:  
ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.

A Community with an ADM greater than 425:  
The ADM of each facility administered separately as one school is adjusted.

- Alternative schools with an ADM of less than 200 shall be counted as a part of the school in the district with the highest ADM.
- If the ADM is greater than 200 and administered as a separate facility the ADM will be adjusted separately.
- Charter school with an ADM of 150 or greater is adjusted as a separate facility

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**Step 1. Example: Nome City Schools  
Projected ADM by School**

Nome Elementary School.....	405.00
Nome-Beltz Jr/Sr High School.....	305.00
Anvil City Science Academy.....	42.00
Nome Youth Facility.....	12.00
<b>Total ADM.....</b>	<b>764.00</b>

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**Step 1. Example: Nome City Schools  
Adding ADM's to the appropriate School in the District**

**School Size Adjustment**

- The alternative schools ADM are added to the highest ADM school in the district before adjusting for size
- A school with a population under 10 should be added to the smallest school in the district.

Nome Elementary + Anvil  
405 + 42 = 447.00

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# Public School Funding Formula Overview

**Step 1.**  
**Example:**  
**Nome City Schools**

Reference:	School Size	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

<b>K-6 Adjusted ADM's</b>		
(Ref. 7)	$471.60 + (.92 * (447.00 - 400))$	514.84
<b>7-12 Adjusted ADM's</b>		
(Ref. 6)	$326.10 + (.97 * (305.00 - 250))$	379.45
(Ref. 1)	Youth facility's ADM 12	+ 39.60
<b>School Size Adjusted ADM</b>		<b>933.89</b>

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**Step 2. District Cost Factors**

The Department monitors District Cost Factors and submits a report to the Legislature on January 15th every other fiscal year, beginning January 2001.

- Cost factors are specific to each school district.
- Lowest District Cost Factor is 1.000 and the highest is 1.736.

**Multiply** the School Size Adjusted ADM by the District Cost Factor.

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**Step 2. Example:**  
**Nome City Schools**

**Multiply** the School Size Adjusted ADM by the District Cost Factor

$933.89 \times 1.319 = 1,231.80$

(Shown on Column F, Page 8)

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## Public School Funding Formula Overview

### Step 3. Special Needs Funding

➤ All categorical programs; special education (except intensive), vocational education, gifted/talented and bilingual/bicultural are block funded at 20%.

➤ To qualify for funding under this section school districts must file a plan with the department indicating special needs services that will be provided.

AS 14.17.420 (b)

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### Step 3. *Example:* Nome City Schools

Multiply the adjusted ADM (from Step 2) by  
the Special Needs Factor

$$1,231.80 \times 1.20 = 1,478.16$$

(Shown on Column R, page 8)

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### Step 4. Intensive Services Funding

A school district will receive funding for intensive services students that:

1. Are receiving intensive services and are
2. enrolled on the last day of the 20 school-day count period and who have an
3. established Individual Education Plan (IEP) for each intensive services student.

An Intensive Services student generates \$20,050.

(Intensive Student Count) \* 5 = Intensive Student Funding

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# Public School Funding Formula Overview

## Step 4. *Example:* Nome City Schools

Multiply the Intensive Student Count by 5 and add to the adjusted ADM (from Step 3)

~Nome City Schools has 1 Intensive Student~

$$1 \times 5 = 5$$

$$1,478.16 + \underline{5} = 1,483.16$$

(Shown on Column U, page 8)

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## Step 5. Correspondence Programs

Districts offering correspondence programs receive funding based on 80% of correspondence ADM.

Each correspondence student generates \$3,208.

(Correspondence ADM) x .80 = Level of Correspondence Funding

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## Step 5. *Example:* Nome City Schools

Multiply the Correspondence Student ADM by 80% and add to the District Adjusted ADM.

(from Step 4)

~Nome City Schools has 0 Correspondence Students~

$$0 \times .80 = 0$$

*District Adjusted ADM + Correspondence*

$$1,483.16 + \underline{0} = 1,483.16$$

(Shown on Column V, page 8)

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# Public School Funding Formula Overview

## BASIC NEED Entitlement

Multiply the district adjusted ADM by the  
base student allocation = BASIC NEED

$$1,483.16 \times \$4,010 = \$5,947,472$$

(Shown on Column W, page 9)

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## NOME: Summarized District Adjusted ADM & Basic Need

Projected ADM for Nome:	764.00
Step 1. Adjusted ADM for School Size:	993.89
Step 2. Apply the District Cost Factor:	<u>1,319</u>
	1,231.80
Step 3. Apply the Special Needs Factor:	<u>1.20</u>
	1,478.16
Step 4. Add Intensive Service Counts: (1.00 x 5 = 5)	<u>5.00</u>
	1,483.16
Step 5. Add Correspondence Student Counts: (0 x .80 = 0)	<u>0</u>
= District Adjusted ADM	1,483.16
Multiply by \$4,010 the base student allocation	<u>\$5,947,472.00</u>
<b>BASIC NEED:</b>	<b>\$5,947,472.00</b>

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## Components of Basic Need (Who Pays?)

- ⇨ Required Local Contribution
- ⇨ Federal Impact Aid
- ⇨ State Aid

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# Public School Funding Formula Overview

## SB 174 Full & True Value/Local Effort Calculation

As a result of Senate Bill 174: (enacted in 2001)  
 Beginning FY2002, half of the increased full & true value over 1999 (base year), is added to 1999 base year to determine the full & true value for the purposes of calculating require local effort for education.

*(If the full & true value did not increase over the 1999 base year, then the current full & true value stands and is multiplied by .004 mills to reach local effort.)*

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## Calculating Nome's Full and True Value

Nome's 2002 Full Value	207,144,200
Nome's 1999 Full Value	191,926,100
Full Value Increase Difference	15,218,100
Divided in Half	7,609,050
Half of the Increase is Added to 1999 Value	
191,926,100 + 7,609,050 =	199,535,150

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## Required Local Contribution

*Example: Nome City Schools*

The Lesser or minimum of 4 mills of the full & true value of the prior year, but not to exceed 45% of the school districts prior year basic need.

.004 of Tax Base: (Education Full & True Value)

$$.004 \times \$199,535,150 = \$798,141$$

45% of Prior Year Basic Need:

$$.45 \times \$5,601,770 = \$2,520,797$$

(Shown on Column C, page 9)

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# Public School Funding Formula Overview

## Title VIII Federal Impact Aid Payments

• Title VIII Federal Impact Aid Payments received from March 1 through the last day of February are used for calculations of state aid.

• The dates on payment vouchers are used to indicate that a school district has received Title VIII Payments

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## Title VIII Federal Impact Aid Payments *Example: Nome City Schools*

Payments received by the Nome City Schools from March 1 through the end of February.

**\$49,243**  
*(amount eligible for Deduction)*

*(Shown on Column D, page 9)*

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## Impact Aid Percentage

**Required Local Contribution  
divided by  
Budgeted Local Contribution**

Budgeted Local Contribution, for the purposes of calculating the Impact Aid percentage is found in the Budgets submitted on July 15<sup>th</sup> of each year and may consist of:

- Appropriations
- Investment Earnings
- In-Kind Services
- “Other Local”

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## Public School Funding Formula Overview

**Title VIII Percentage**  
**Example: Nome City Schools**

Required Local: \$ 798,141 = 61.99%  
 Budgeted Local: \$1,287,527  
*(This percentage is only derived for City & Boroughs)*

(Shown on Column E, page 9)

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**Impact Aid**  
**Example: Nome City Schools**

90% of the Impact Aid received by a school district is multiplied by the Impact Aid Percentage

Nome's Deductible Impact Aid Calculation:

$\$49,243 \times 61.99\% \times 90\% = \$27,473$

Eligible Impact Aid x Title VIII % x 90% = Deductible Impact Aid

(Shown on Column D, Column E, Column F, page 9)

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**STATE AID**  
**Nome City Schools**

Nome's State Aid:

Basic Need	\$ 5,947,472
Less Required Local	(798,141)
Less Impact Aid	<u>(27,473)</u>
State Aid	\$ 5,121,858

(Shown on Column G, page 9)

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## Public School Funding Formula Overview

### Additional Funds Above Basic Need

- ⇒ Additional Local Contribution
- ⇒ Quality Schools Grant
- ⇒ Supplemental Funding Floor

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### Additional Local Contribution *Example: Nome City Schools*

The greater of 2 mills of the tax base or  
23% of the district's current year Basic Need  
can be contributed but not exceeded.

.002 of Education Full & True Value Tax Base:  
.002 x \$199,535,150 = \$414,288

23% of Basic Need:  
.23 x \$5,947,472 = \$1,367,919

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### Maximum Local Contribution *Example: Nome City Schools*

Required local contribution plus Additional  
local contribution

Required Local Contribution:       \$ 798,141

Additional Local Contribution:       +\$1,367,919

Maximum Local Contribution:       \$2,166,060

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## Public School Funding Formula Overview

### Quality Schools Grant

AS 14.17.480 explains a district is eligible to receive a quality school funding grant not to exceed the district's adjusted ADM multiplied by \$16.

*Example: Nome City Schools*  
 $1,483.16 \times \$16 = \$23,731$

( Column W, page 8 and Column I, page 9 )

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### Supplementary Funding Floor

- What is "The Floor"?
- How is it established?
- How is it adjusted?

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### "The Floor"

By providing additional funds "The Floor" bridges the transition between the new funding formula implemented in 1999 and the old formula that was in place in 1998.

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## Public School Funding Formula Overview

### How "The Floor" was Established

"The Floor" was established in FY1999

Old Formula State Aid  
= \$1,100,000  
New Formula State Aid  
(Less) = \$1,000,000  
Supplementary Funding Floor  
(Result) = \$100,000

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### Nome's Transition to New Formula

> Old Formula State Aid:  
FY 99 = \$5,206,292  
> New Formula State Aid:  
(Less) FY 99 = \$5,095,932  
> Supplementary Funding Floor:  
(Results) FY 99 = \$110,360

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### Adjustments to the "Floor"

All Adjustments to "The Floor" are reductions!  
Decreases to "The Floor" occur because of:  
1) an increase in Basic Need  
OR  
2) a decrease in ADM.

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## Public School Funding Formula Overview

### Supplementary Funding Floor - Adjustment

# 1

*EXAMPLE*

*Increase of Basic Need*

Floor Adjustment due to Increases in Basic Need began in FY2000

FY2002 Basic Need	\$2,100,000
FY2001 Basic Need	<del>\$2,050,000</del>
FY2002 increase over FY2001	\$50,000
40% of the increase over prior year equals the amount the FY2000 floor is reduced	(\$20,000)
<u>FY2001 Funding Floor</u>	<u>\$100,000</u>
Revised funding Floor for FY2002	\$80,000

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### Supplementary Funding Floor - Adjustment # 2

*EXAMPLE*

*Decrease in ADM*

In FY2001, If the ADM falls below 95% of the FY1999 ADM,

Then "The Floor" is reduced by the same percentage.

**Example: Floor equals \$100,000**

If

FY2001 ADM = 86% of FY1999 ADM

Then

$\$100,000 \times 86\% = \$86,000$

& becomes the new Floor amount

"The Floor" has received a 14% reduction.

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### Establishing Nome City School's Floor

FY 99 NEW FORMULA	= \$5,206,292
FY 99 OLD FORMULA	<del>(\$5,095,932)</del>
Nome's FUNDING FLOOR Established at =	\$110,360
FY 00 No Deduction	= \$110,360
FY01 FLOOR reduced due to increase in Basic Need	<del>(\$14,562)</del>
FY 01 FLOOR BALANCE	= \$95,798
FY 02 FLOOR No reduction floor	(0.00)
FY 02 FLOOR BALANCE	= \$95,798
FY 03 FLOOR reduced due to increase in Basic Need	<del>(73,206)</del>
FY03 FLOOR BALANCE	\$22,592
FY 04 Floor was eliminated as 40% of the difference in the Basic Need to FY03, exceeded the Floor balance.	

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## Public School Funding Formula Overview

### Calculating Nome City School's Floor

FY04 Basic Need 5,947,472

FY03 Basic Need -5,601,770

345,702

$345,702 \times 40\% = \$138,281$

40% of total increase is deducted from the FY03  
Floor

FY03 Floor minus FY04 deduction (shown above)

$\$22,110 - \$138,281 = (116,171)$

Floor is set to zero

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### Supplementary Funding Floor

#### REMEMBER:

⇒ The floor is reduced by 40% of the increase in  
Basic Need over the prior year.

OR

⇒ The floor is reduced if ADM decreases by more  
than 5%, initially, of the FY1999 ADM.

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### Components Of State Aid

#### A Permanent Funding Component of State Aid

Nome's Total State Aid equals:

Calculated State Aid	\$5,121,858
<u>plus</u> the Funding Floor	\$ 0
<u>plus</u> the Quality Schools Grant	\$ 23,731
<b>TOTAL STATE ENTITLEMENT</b>	<b>\$5,145,589</b>

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## Public School Funding Formula Overview

*Please Note:*  
**Prorating the Public School Funding  
Formula**

If insufficient funds are appropriated by the legislature to meet the total entitlement, then all components of the Public School Funding Formula Program will be reduced by the same percentage.

AS 14.17.400 (b)

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**2/18/03**

**NCSL**

**PRESENTA-  
TION**

**HFIN**

**FILE**

# **State Fiscal Conditions**



**Presentation to the  
Alaska House Finance Committee  
February 18, 2003**

**Corina Eckl  
Fiscal Program Director**

National Conference of State Legislatures

# Background on NCSL



- **National Conference of State Legislatures**
  - ◆ **Bi-partisan organization founded in 1975**
  - ◆ **Serves all 50 states, territories and commonwealths**
  - ◆ **Offices in Denver and Washington, D.C.**

# **NCSL Is a Valuable Resource**



- **Information from NCSL:**
  - ◆ **Non-biased research, publications, 50-state data, special projects**
  - ◆ **Technical assistance on a wide range of topics**
  - ◆ **Meetings and seminars**
- **Bob Boerner is the NCSL liaison to Alaska**

# Summary of FY 2003 Budget Gaps



- **The initial estimated gap for FY 2003 (prior to budget enactment) was \$49.1 billion (10.1%)**
- **At least 42 states reported initial budget gaps going into FY 2003**

# State Fiscal Update

(February 2003)



- **State budget gaps have grown nearly 50% since November**
- **States now face at least a \$25.7 billion (5.2%) gap in FY 2003**
- **Thirty-six states reported gaps**

# FY 2003 Budget Gaps



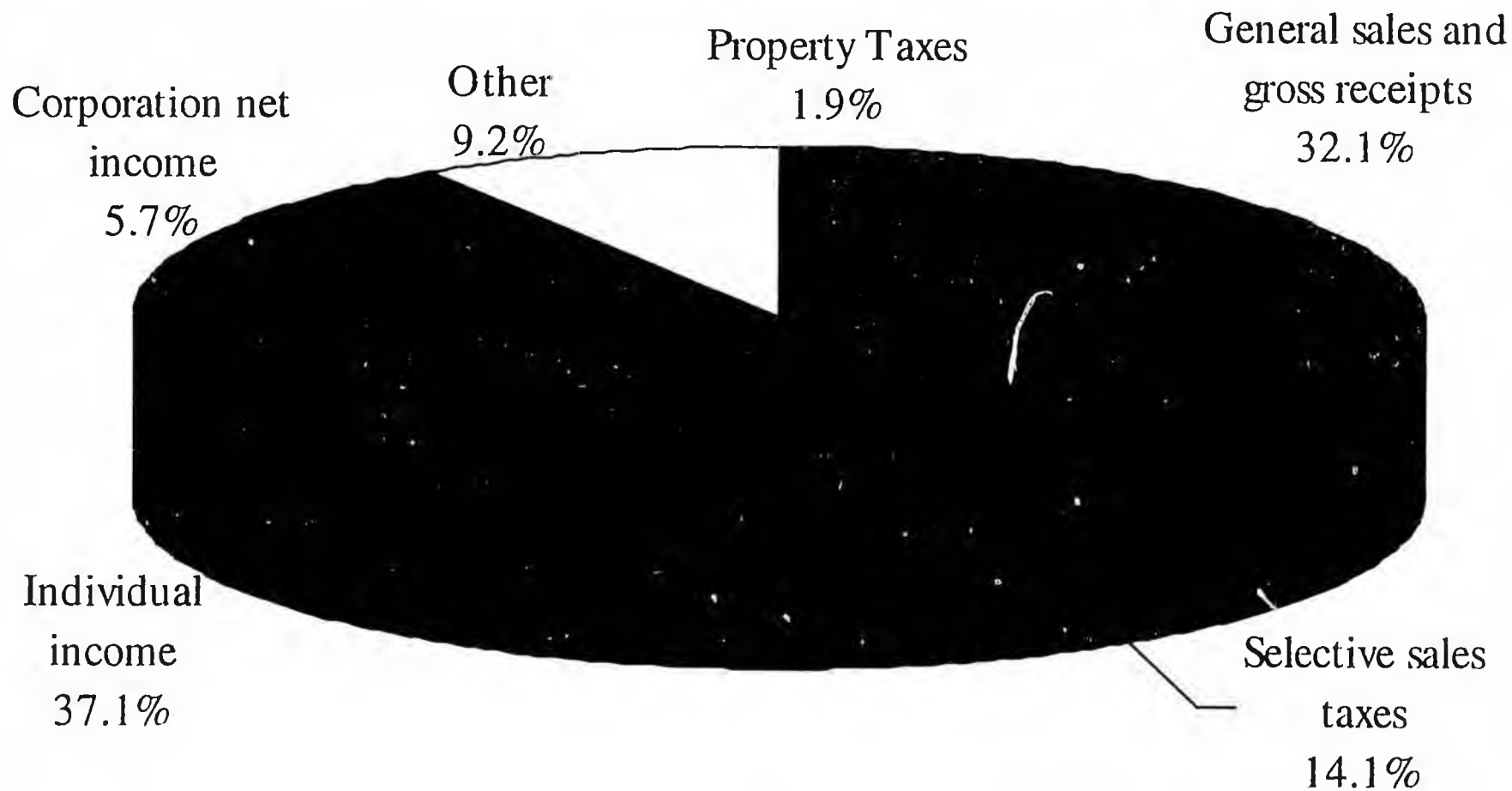
National Conference of State Legislatures

# Revenue Growth Has Not Rebounded




- **30 states reported that revenues are below projections in FY 2003**
- **In 12 states, collections are failing to meet revised levels**
- **Aggregate state revenue growth was projected to be 2%**

# FY 2001 State Own-Source Revenue



National Conference of State Legislatures

# Revenue Outlook for the Rest of FY 2003

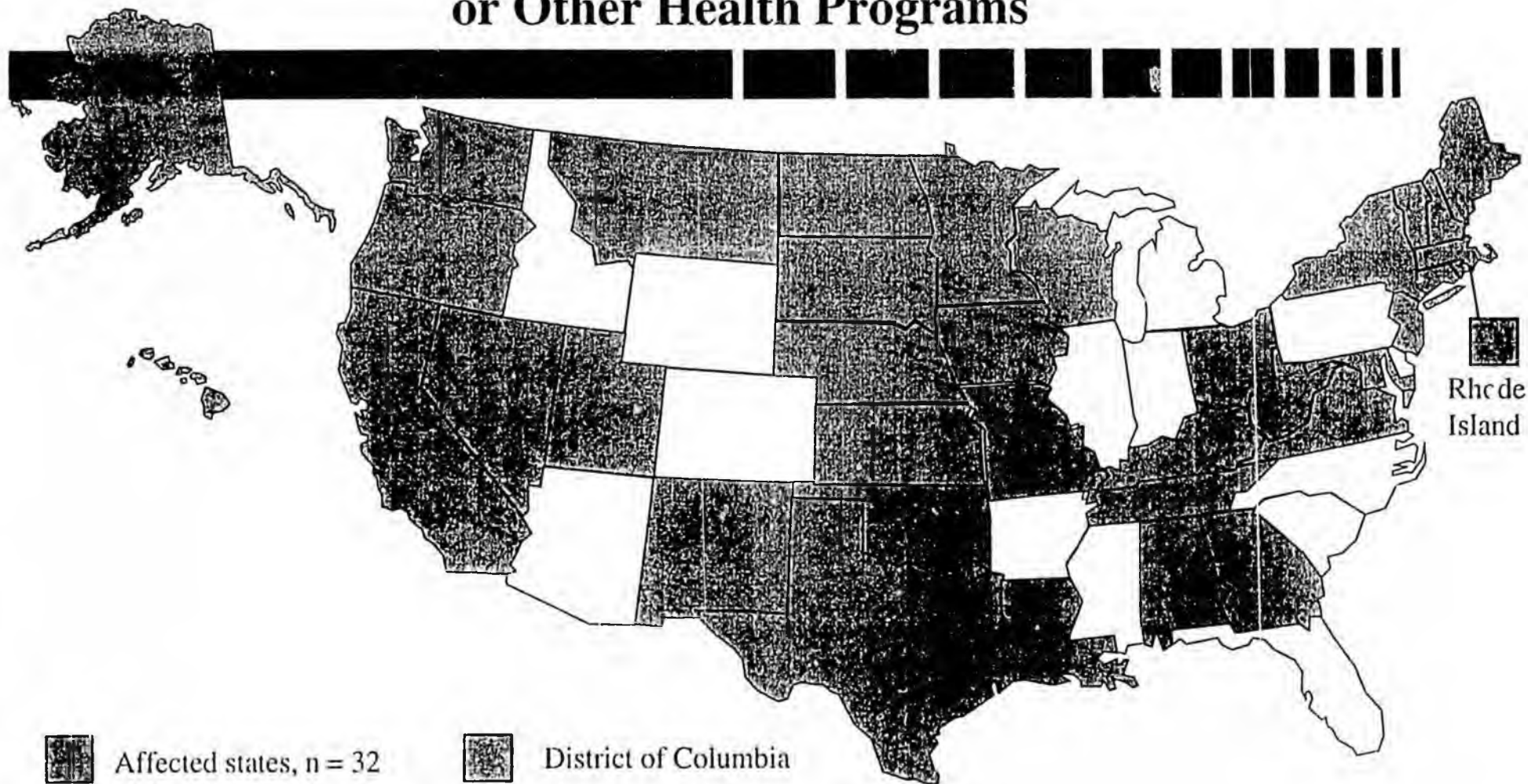
- 
- **Optimistic: 2 states**
  - **Stable: 11 states**
  - **Concerned: 30 states + DC**
  - **Pessimistic: 7 states**

# Expenditure Update



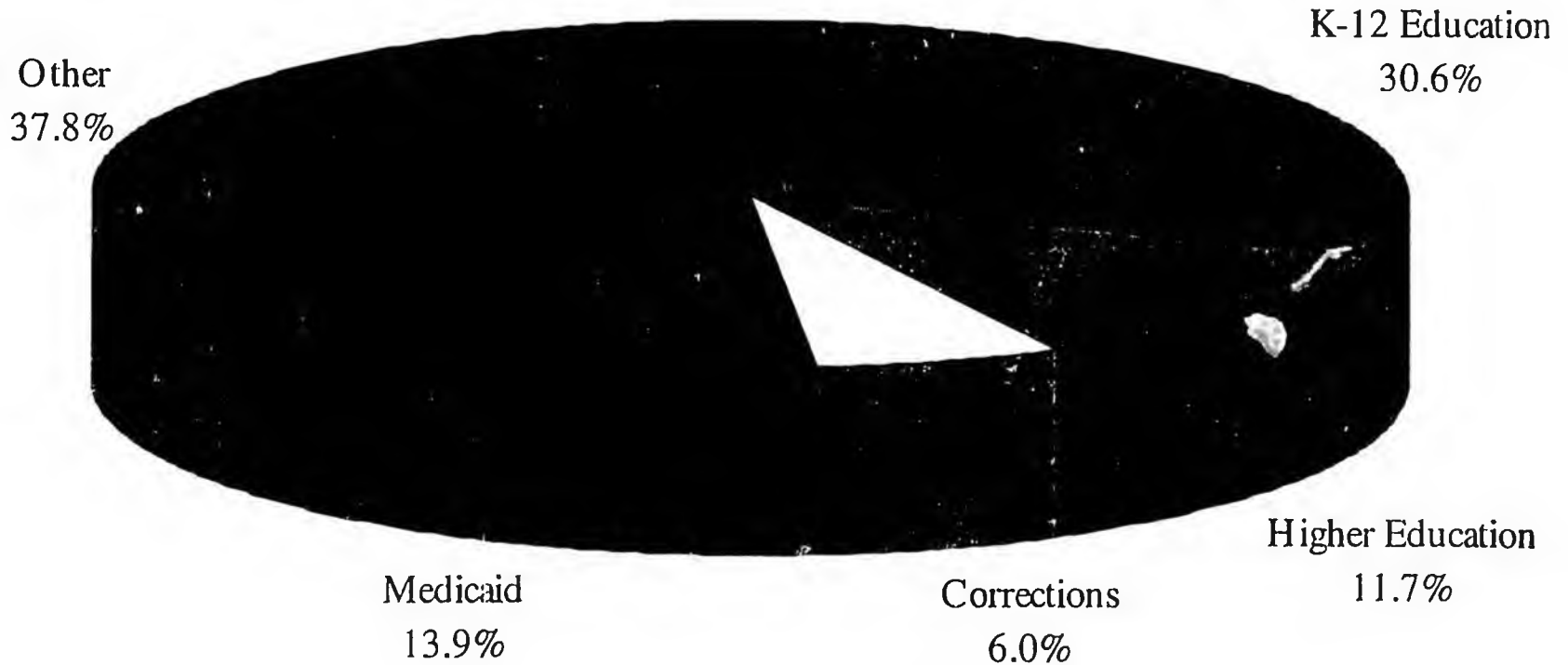
- **37 states report that spending is exceeding budgeted levels**
- **32 states report that Medicaid or other health care programs are over budget**

# States with Overruns in Medicaid or Other Health Programs




National Conference of State Legislatures

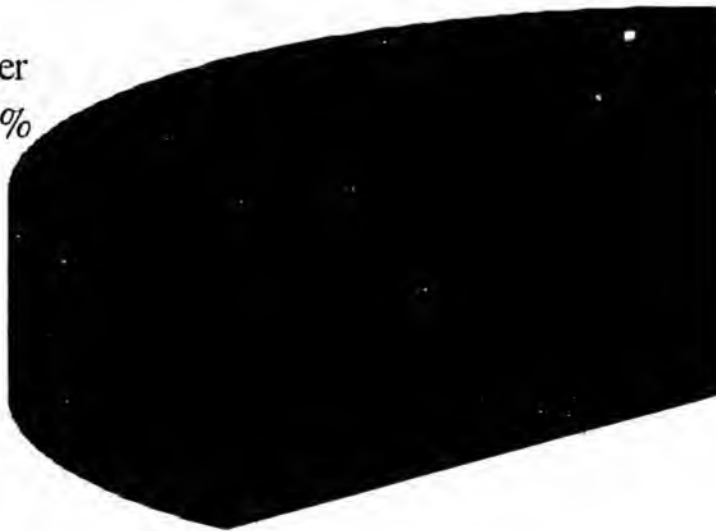
# FY 2002 General Fund Spending by Category



# All Other



Other  
37.8%



## ■ What's in "other"?

- ◆ Public assistance
- ◆ Parks and recreation
- ◆ State police
- ◆ Employer contributions to pensions and benefits
- ◆ Information technology
- ◆ Environment
- ◆ Economic development
- ◆ Arts programs

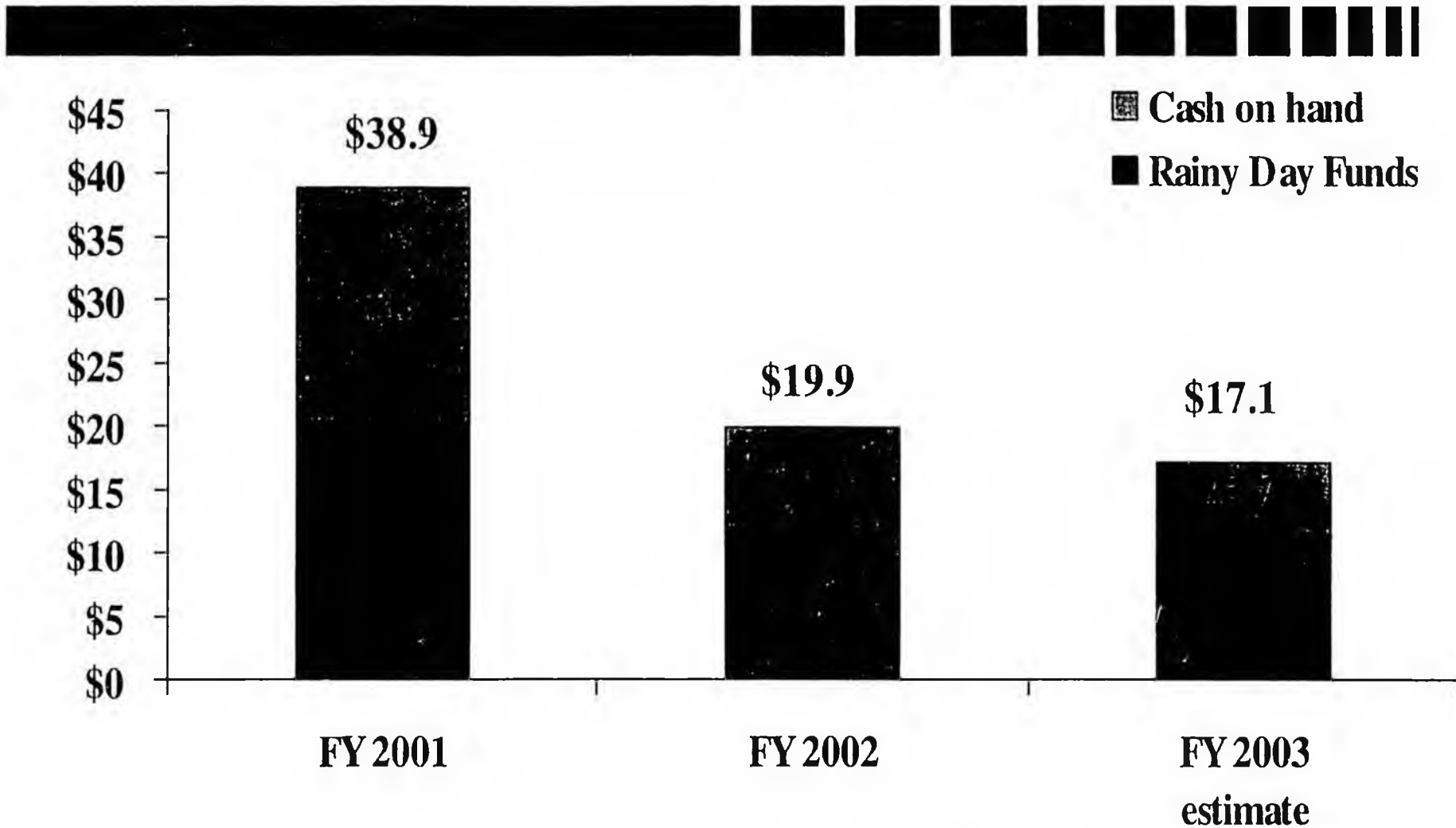
# **Dealing with Shortfalls in FY 2002 & FY 2003**



- **Imposing budget cuts: 36 & 31 states**
- **Using tobacco settlement funds: 16 & 21 states**
- **Tapping various state funds: 23 & 28 states**
- **Tapping rainy day funds: 23 & 14 states**

# State Balances Fall

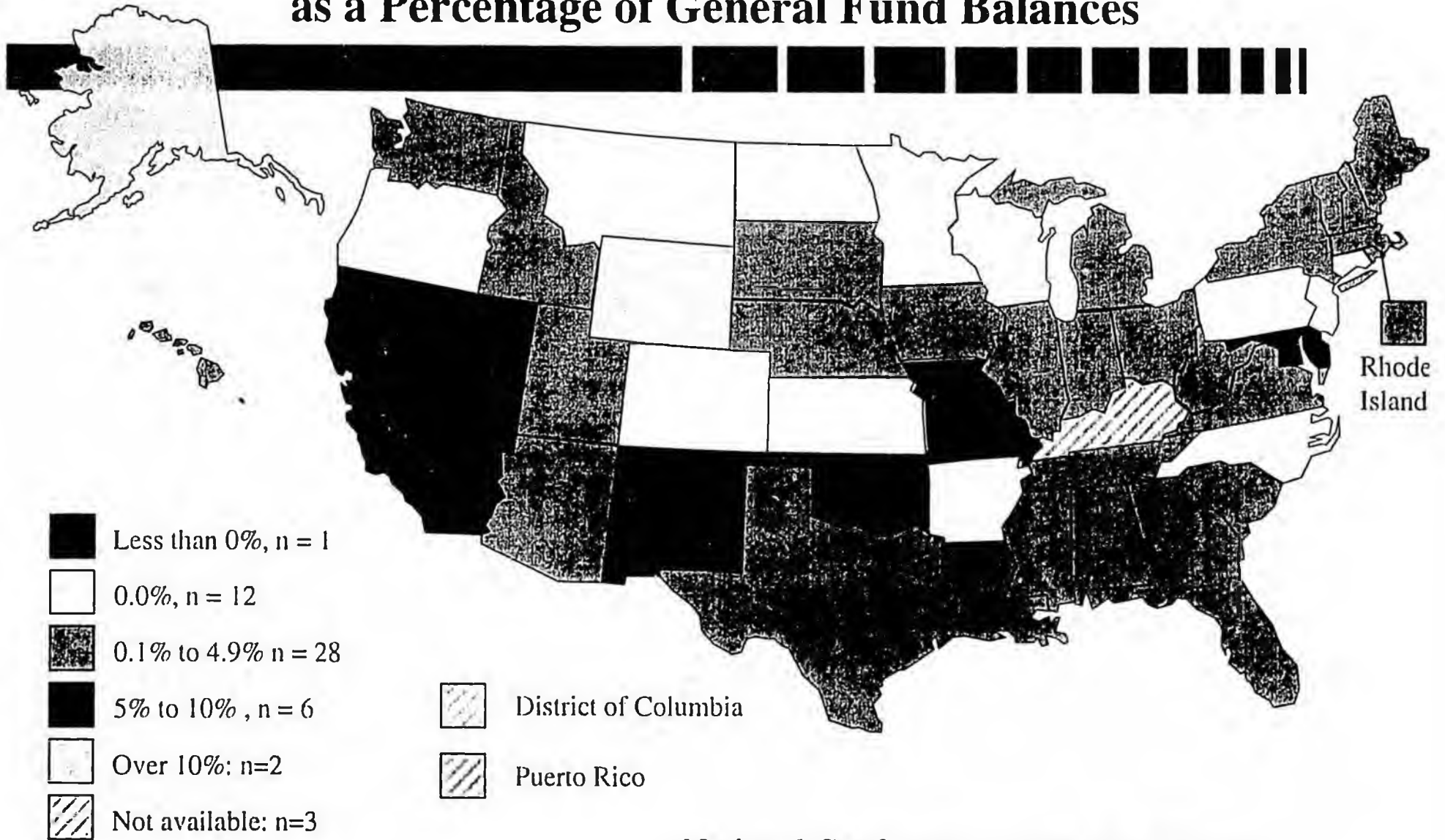
(billions of dollars)



National Conference of State Legislatures

# Rainy Day Fund Balances for FY 2002

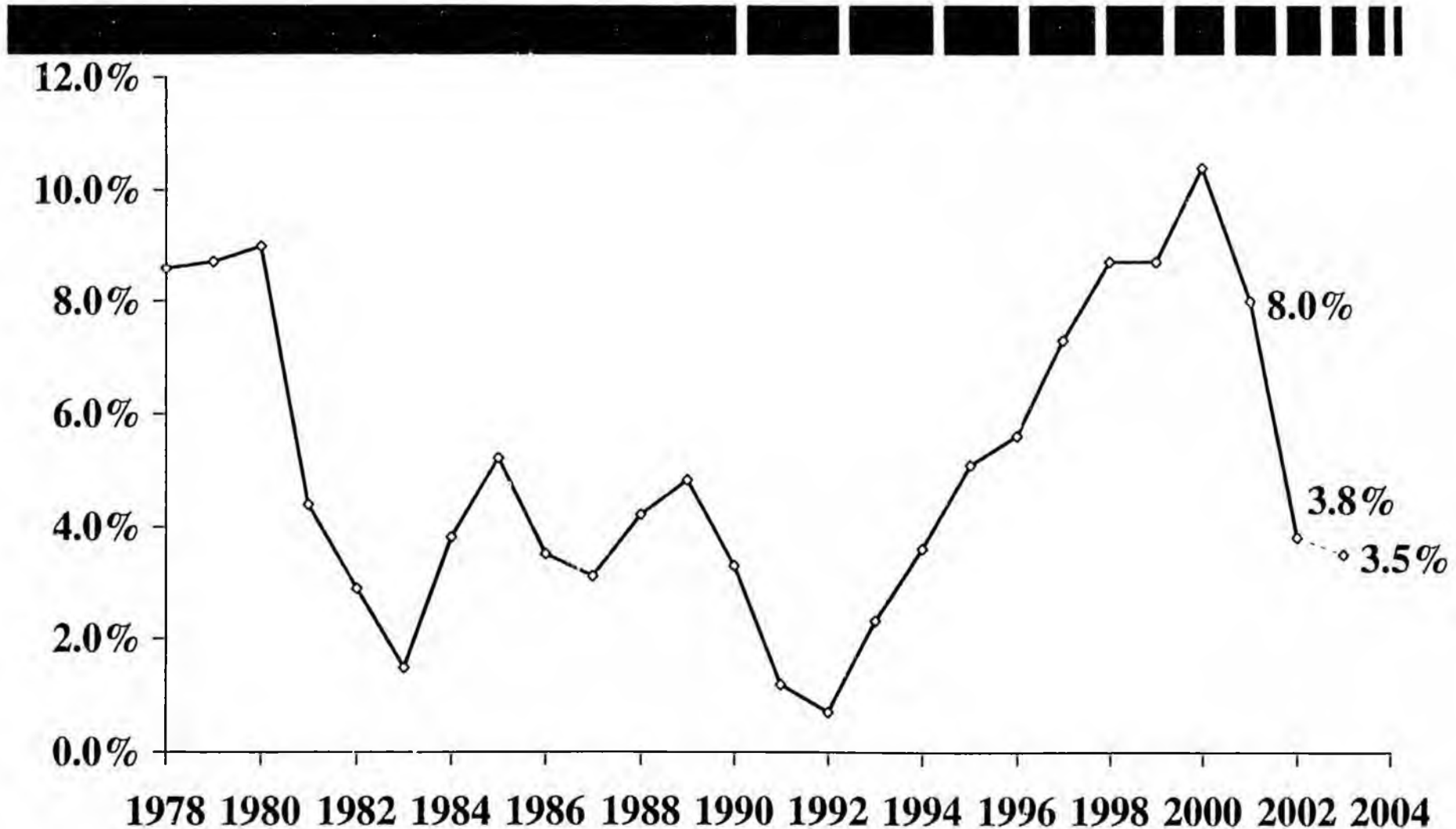
## as a Percentage of General Fund Balances



National Conference of State Legislatures


# State Year-End Balances

FY 1978-FY 2003



National Conference of State Legislatures

# Dealing with Shortfalls in FY 2002 & FY 2003

- 
- **K-12 spending cuts: 17 & 14 states**
  - **Higher education spending cuts: 26 & 20 states**
  - **Corrections spending cuts: 24 & 17 states**
  - **Medicaid spending cuts: 16 & 16 states**
  - **TANF spending cuts: 6 & 8 states**
  - **Cuts in local revenue sharing: 8 & 12 states**

# Dealing with Shortfalls in FY 2002 & FY 2003



- **State employee layoffs: 11 & 9 states**
- **Employee travel bans/restrictions: 19 & 14 states**
- **Employee hiring freeze: 19 & 13 states**
- **Delayed capital projects: 9 & 10 states**

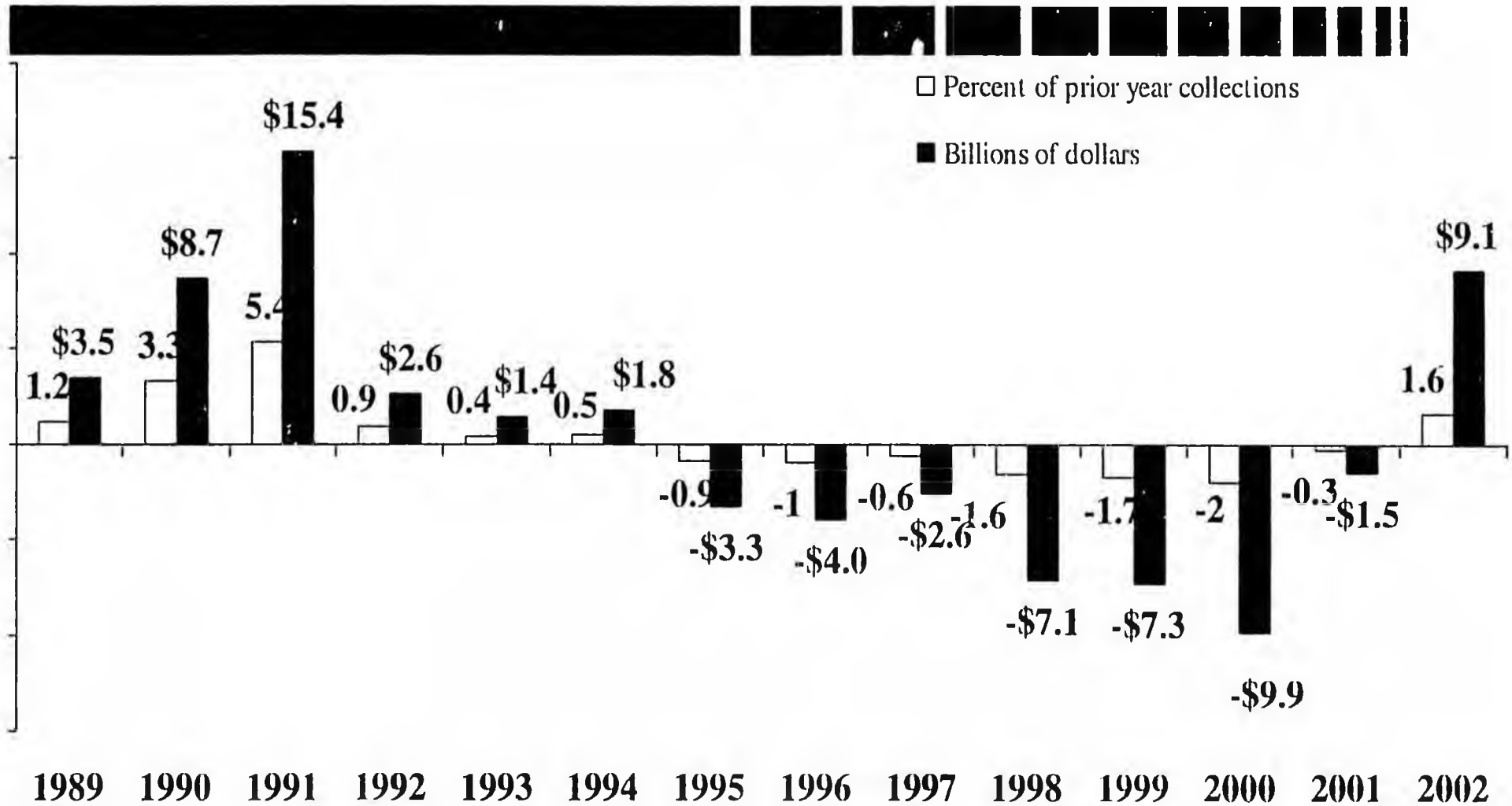
# Dealing with Shortfalls in FY 2003



- **Raising taxes by more than 1% (18 states)**
- **Raising taxes by more than 5% (Indiana, Kansas, Massachusetts, New Jersey and Tennessee)**
- **Hawaii was the only state to cut taxes by more than 1%**

# Net State Tax Changes


By Year of Enactment, 1990-2002



National Conference of State Legislatures

# 2002 Net State Tax Changes

(in millions)



<b>Personal income</b>	<b>\$1,605.3</b>
<b>Corporation income</b>	<b>2,315.6</b>
<b>Sales and use</b>	<b>976.5</b>
<b>Health care</b>	<b>338.7</b>
<b>Motor vehicle</b>	<b>136.6</b>
<b>Miscellaneous</b> _____	<b>724.5</b>
<b>Alcoholic beverage</b>	<b>7.0</b>
<b>Cigarette and tobacco</b>	<b>3,018.1</b>
<b>Net Change</b> _____	<b>\$9,122.3</b>

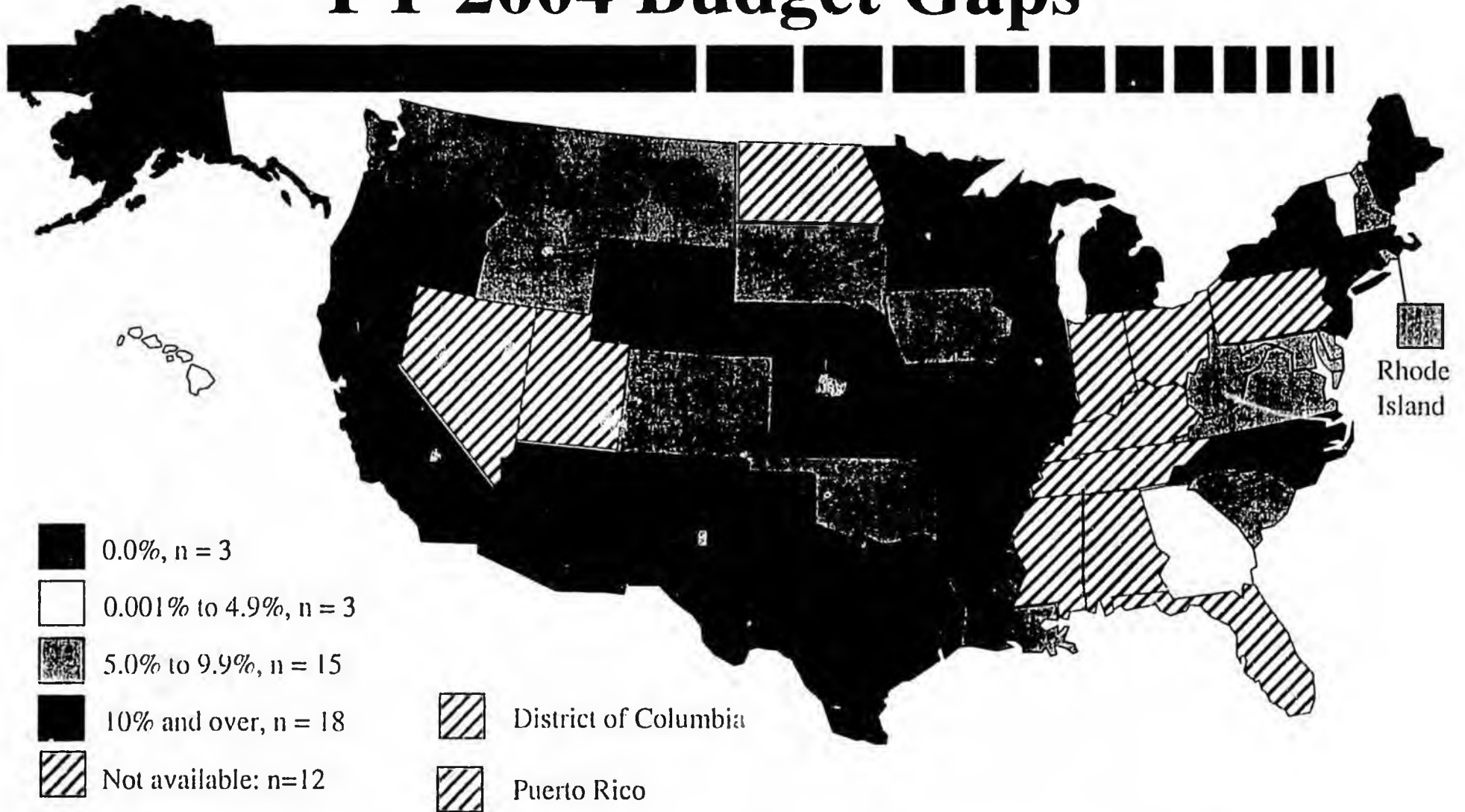
National Conference of State Legislatures

# FY 2004 Budget Projections



- **The FY 2004 projected budget gap is \$68.5 billion**
  
- **36 states are facing gaps:**
  - ◆ **33 with gaps >5%**
  - ◆ **18 of these with gaps >10%**

# FY 2004 Budget Gaps



National Conference of State Legislatures

# Possible Tax Increases?



- **25 states have tax proposals under consideration**
  
- **Sin taxes are the focus of early proposals**
  - ◆ **14 states with cigarette tax proposals**
  - ◆ **6 states with alcohol tax proposals**

# For More Information



[www.ncsl.org](http://www.ncsl.org)

National Conference of State Legislatures

# **Examples of Budget Balancing: Arizona**



- **Shifted K-12 school construction funding from the general fund to lease-purchase financing**
- **Delayed a K-12 education payment by one month (from the FY 2003 budget to the FY 2004 budget) temporarily saving \$191 million**

# Examples of Budget Balancing: Connecticut



- The Legislature gave the governor an extra \$35 million of extraordinary budget cutting authority to help balance the budget
- Transferred resources from quasi-public agencies (\$100 million)
- Implemented a tax amnesty program (\$100 million)

# Examples of Budget Balancing: Iowa



- **Reduced Medicaid reimbursement rates by approximately 3%**
- **Tapped \$97.1 million in revenues from non-general fund sources**
- **Shifted \$304.3 million in expenditures traditionally funded from the general fund to non-general fund sources, including \$93.5 million in tobacco receipts to fund programs (Medicaid)**

# **Examples of Budget Balancing: Iowa**



- **Realized \$33.5 million in savings from employee furloughs (departments were allowed discretion on how to implement)**
- **Saved \$6.5 million from implementing a 5-month delay in the state employee cost of living increase negotiated by the unions; Governor requested and unions acceded to avoid layoffs**
- **Implemented administrative rules to control pharmaceutical costs**

# **Examples of Budget Balancing: Louisiana**



- **Implemented tax amnesty program that earmarked revenues for capital outlay**
- **Appropriated current year excess revenue into dedicated funds and will appropriate out of the special funds in the next fiscal year (averts a requirement that surplus revenues be limited to debt service, capital outlay and extra retirement payments)**

# Examples of Budget Balancing: Michigan



- **Shifted collection date of the 6-mill state education tax (all of which goes to the School Aid Fund) resulting in one-time \$460 million gain for FY 2003**

# Examples of Budget Balancing: New Jersey

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- **Adopted business tax reform that: closed loopholes, created new alternative minimum assessment, suspended NOL carryforward for two years, accelerated quarterly payments, increased taxable income of investment companies, subjected savings institutions to corporate income tax, raised minimum tax under corporate income tax and reduced the tax rate on small businesses. (\$836 million)**

# **Examples of Budget Balancing: New Jersey**



- **Raised fees, including \$2/day on vehicle rentals**
- **Offered a two-month tax amnesty program**
- **Flat-funded formula school program in FY 2003**
- **Postponed a scheduled increase in the property tax rebate program**
- **Cancelled some inflation adjustments in formula aid distributions**
- **Offered early retirement program for 5,000 employees**

# Examples of Budget Balancing: Pennsylvania



- **Transferred \$100 million to the general fund from Underground Storage Tank Indemnification Fund to be repaid over 10 years beginning in FY 2005**
- **Reduced the dormancy period for most unclaimed property from seven to five years (\$197.6 million)**
- **Decreased the reserve for tax refunds (\$32.4 million)**

# **Examples of Budget Balancing: Rhode Island**



- **Gave each department a single line item in the budget (rather than budgeting by division or major programs) after reducing requested amounts for personnel expenditures, and granted flexibility to departments to operate within appropriated levels. Intent is to eliminate the need for supplemental funding.**

# Examples of Budget Balancing: Utah



- **Changed disbursements to higher education institutions to six month period resulting in net interest earnings gain of \$500,000**
- **Changed statute that requires a level of funding for capital improvements equal to 1.1% of the insured value of state buildings; was modified to 0.9% in cases of financial need**
- **Sold Utah Technology Finance Corporation to the private sector for \$4 million**

# ALASKA

Adequacy of revenue ★  
 Fairness to taxpayers ★ ★ ★  
 Management of system ★ ★

**W**hen Prudhoe Bay, Alaska's most lucrative oil field, was tapped in 1977, it did more than reduce the United States' reliance on foreign oil and stimulate the growth of corporate giants such as BP and Exxon Mobil. Historically a cash-poor state, Alaska suddenly found that the seemingly endless supply of black gold could generate enough revenue to make most other forms of taxation unnecessary. Without any statewide sales or personal income tax at all, Alaska could afford to pave its dirt roads, build new schools and provide many other services that had previously been difficult to support.

That was just the beginning, however. The state established a Permanent Fund—a constitutionally protected investment account that now holds about \$21 billion—as a form of protection against the dire day when the oil would run out. The principal from that fund has never been touched. Its income has been used to write an annual dividend check to every man, woman and child in the state. Even with this level of generosity, there was enough revenue left to create a so-called Constitutional Budget Reserve Fund, intended to tide the state over on a short-term basis when oil prices drop.

But the oil harvest hit its peak in 1988, when more than 2 million barrels of oil flowed through the pipeline each day. Since then, production has slowed (to about 1.1 million barrels per day in 2001). Volatile oil and gas prices haven't helped either. So, over the past seven years, the state has had to use some \$4.6 billion from the Constitutional Budget Reserve to balance its books. Some years, the Reserve has accounted for nearly half the state's spending. For fiscal year 2002, forecasters estimated a year-end gap of about \$1 billion. Rising oil prices closed roughly

a quarter of that, but a \$750 million deficit is still a massive problem in a state with a budget of only \$2.4 billion.

Right now, \$2.5 billion is about what's left in the Budget Reserve. This will be enough to avert disaster in the near term, and probably enough to leave Alaska in somewhat better fiscal shape than most other states for the coming biennium. But ultimately, even if oil prices rise beyond their currently high levels of about \$30 per barrel, the cash will run out. If prices hold stable, the reserve fund will be drained by about 2006. So the state's leaders have about three years to make some very difficult decisions—or suffer the consequences. "We're on the edge of the train wreck," says Dan Dickinson, director of the tax division.

ment Fund has been dropping steadily. It was \$1,800 per person in 2001, then slipped to \$1,500 in 2002, and there are worries that, because of the stock market's effect on the fund's principal, earnings this year could drop significantly lower.

But the public doesn't seem ready to change the system just yet. Last year, the Alaska House voted in favor of an income tax, only to have the plan shot down in the Senate. Drained by the contentiousness of the argument, the House speaker and the two co-chairs of the Finance Committee opted not to run for reelection.

Unlike many of its counterparts in other states, Alaska's tax division hasn't made the jump to an integrated information system. Director Dickinson argues

## FAST FACTS

Gross state tax revenues (rank)	\$1.4 billion (47)
State tax revenues per capita (rank)	\$2,250 (11)
State tax revenues as % of personal income (rank)	7.6% (19)
State and local tax revenues as % of personal income (rank)	13.2% (3)

Standout characteristics: No statewide sales or income tax; majority of revenue comes from oil- and gas-related taxes on corporations; residents receive annual dividend check from earnings of the state's Permanent Fund.

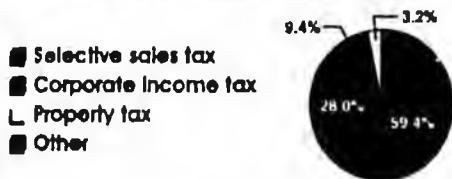
If that's true, then most residents have yet to hear the warning whistle. Politicians here sometimes talk about the "Alaska disconnect," the gap that seems to exist between citizens' perceptions and the reality of the state's fiscal situation. "We're talking about terrible budget shortfalls, and the public sees no taxes," explains former state Representative Lisa Murkowski, now a U.S. senator. "And they're getting a \$1,500 check." A full generation has grown up in Alaska since the state revoked its personal income tax more than 20 years ago, in anticipation of the oil bonanza. They're accustomed to paying only limited local property and sales taxes.

Although some officials still believe the state will be able to muddle through with spending cuts and increased economic development, most agree that a statewide income or sales tax will be necessary eventually. The annual dividend from the Perma-

that it's unnecessary—with no sales or income tax, there isn't that much to integrate. But Dickinson admits that tax technology is "fairly antiquated and stumbles along with Band Aids." Electronic filing (by compact disc or e-mail, not the Internet) began last year for oil and gas companies, but other returns still have to be sent in manually.

Where the division seems to be succeeding is in auditing and compliance. Fewer disputes over oil prices during the past decade have meant fewer debates about the amounts corporations owe the state, and the backlog of disputed oil tax cases has disappeared. Each of the 18 active oil and gas taxpayers is audited annually. Auditors also have stepped up their pursuit of retail businesses that evade the cigarette and alcohol tax. When the state catches up with them, Dickinson says, these scofflaw businesses are surprised. "They went for a generation without paying taxes," he says. "The idea that they're taxpayers upsets them." □

State tax collection by source (2001)



Portion of total state and local revenues collected by state (2000): 80.3%

**3/6/03**

**CONFIRM.**

**AMHT**

**JOHN**

**MALONE**

**HFIN**

**FILE**

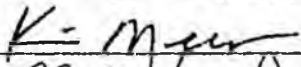
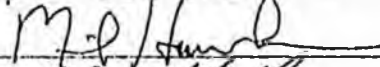
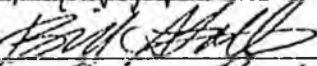
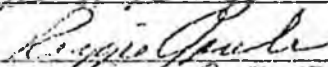
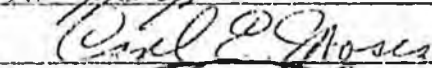

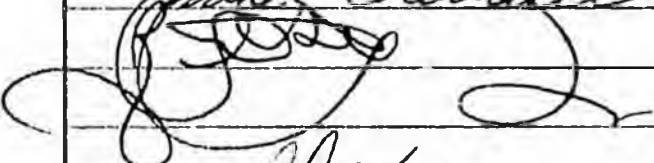


## CONFIRMATION COMMITTEE REPORT

Action date: March 6, 2003

In accordance with AS 39.05.080, the Finance Committee has reviewed the qualifications of the following Governor's appointee and recommends that this name be forwarded to a joint session for consideration:

**Mental Health Trust Authority Board of Trustees**  
 John F. Malone - Bethel  
 Appointed: 03/03/1995      Reappointed: 07/18/2002  
 Term Expires: 03/01/2007

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
	Meyer
	Hawker
	STOLTZ
	Jank
	MOSES
	Chennault H. FOSTER
	
Chair: 	HARRIS
Chair: 	Williams

Please return to the Chief Clerk's office.



Official Business

# Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216  
Juneau, AK 99801-1182  
Phone: (907) 465-3725  
Fax: (907) 465-5334

## MEMORANDUM

Date: February 19, 2003

To: Representative Harris, Co-chair  
Representative Williams, Co-chair  
Finance Committee

From: Suzi Lowell *sl*  
Chief Clerk

Subject: Governor's Appointments

Speaker Kott referred the following Governor's appointment to the Finance Committee:

**Mental Health Trust Authority Board of Trustees**

John F. Malone - Bethel

Appointed: 03/03/1995 Reappointed: 07/18/2002

Term Expires: 03/01/2007

The resume and committee report are attached for your use.

Attachments as noted

**RESUME**  
**of**  
**John F. Malone**

Date Prepared: April 2002

PERSONAL

Date and Place of Birth: February 19, 1939. Hudson County, N.J.

Mailing Address: PO Box 1032, Bethel, AK. 99559.

Residence: 171 Mission Lake Dr.

Bethel resident 1967-present.

EMPLOYMENT

1996- Present:

City of Bethel, Planning Director/Platting Officer/Land Use Administrator.  
Administer the planning department which is responsible for land use permitting, subdivisions, construction permitting, conveyances and acquisition of municipal lands. Coastal District Coordinator of Bethel Coastal District under Alaska Coastal Management Program. Additional duties include IT manager for the city with one staff member. Staff to Bethel Planning Commission.

1977-1996:

John F. Malone & Assoc's. Prior to the establishment of Malone & Co. and concurrent with my affiliation with Malone & Co., provide fee appraisals, inspections and insurance adjusting services for insurance companies and other clients. Licensed property, casualty and marine insurance adjuster 1976-1996.

Install and maintain local area networks for various clients. Develop custom database applications for various clients.

1984-1995:

Co-founder of Malone & Co., Inc. property and casualty insurance brokers. Malone

&

Co. has offices in Bethel and Dillingham. Licensed property, casualty, surety and marine broker.

**1978-1980:**

Designed and managed construction of four facilities for Bethel Community Services, Inc.; Kameroff Infant Center, Norma Jean Center for Children, Bethel Receiving Home (Renamed Malone Home) and the Bautista House, a residential facility for the care and treatment of chronically mentally ill adults.

**1973-1977:**

Co-owner of Bushmaster Air Alaska, Inc. a Bethel based air charter company. Responsible for overall management of business.

**1971-1973:**

University of Alaska, Anchorage campus. Full time student.

**1970:**

Executive Director, Bethel Community Services, Inc., Bethel, Ak. Previously known as Bethel Social Services, this organization was cofounded by myself and three other Bethel residents in 1969 when I was still with the Alaska State Troopers. By the end of its second year of operation it had established seven community based programs involving child care, alcohol treatment, adult basic education and the communities first mental health program. I became its first executive director.

**1964-1970:**

Alaska State Troopers. Investigation unit Anchorage, Embezzlement and Fraud investigator. Post commander of Aleutain Chain Detachment headquartered in Kodiak 1965-1967. Post commander Yukon-Kuskokwim Detachment headquartered in Bethel 1967-1970.

**1964:**

Honorable discharge from U.S. Army.

#### PUBLIC SERVICE

**1969-1989:**

Bethel Community Services, Inc., three years president of the board of directors; twelve years member of the board of directors.

**1973-1977:**

Member, City of Bethel Planning Commission.

1978-1983:

Commissioner, Alaska Commission on Post Secondary Education. Commission chairman 1982-1983.

1979-1980:

President, Yukon Kuskokwim Fisheries Development Corporation. This was the State of Alaska statutorily established regional planning and development body for enhancing the regions salmon stocks.

1979-1983:

Member, State of Alaska Region Four Planning Body.

1985:

Member, Bethel City Council.

1986-1998:

Member, National Alliance for the Mentally Ill - Alaska. The Alliance is the state chartered affiliate of the National Alliance for the Mentally Ill. State president 1990 -1995.

1987-1992:

Member, Alaska Mental Health Board. Officer of the Board and member of Executive Committee 1990 -1992.

1990-1993:

Chairman, Federal Region X State Presidents Council of the National Alliance for the Mentally Ill.

1991-1993:

Mental Health Quality Improvement Task Force. Co-Chair with Director, Division of Mental Health and Developmental Disabilities (DMHDD) of the Mental Health Quality Improvement Task Force.

This task force was established by the Alaska Mental Health Board and DMHDD. Its first charge was the development of uniform program standards for the state's community mental health programs. Its second charge was to develop uniform protocols for program evaluations. These projects were completed in August 1993 with the formal adoption of the developed standards by the Alaska Mental Health Board and the Division of Mental Health and Developmental Disabilities.

1991-1996:

Member, Alaska Division of Mental Health and Developmental Disabilities, (DMHDD) Management Information System Task Force.

This was a joint federal - state funded project. The purpose of this task force was the development of an integrated state wide management information system for people receiving mental health services both through the state grant funded system and Medicare.

1995-Present:

Trustee, Alaska Mental Health Trust Authority.

### FRATERNAL ORGANIZATIONS

Life Member: VFW Post 10004, Bethel, AK.

Life Member: Fraternal Order of Alaska State Troopers.

### EDUCATION

1955-1957 St. Don Bosco School of Agriculture, Huttonsville, W.Va. Agriculture.

1959-1960 Souel National University, Souel, Korea. History. Attended 14 month program while assigned as Army adviser to 1st Republic of Korea Army.

1963-1965 Anchorage Community College, part time student. Business.

1964-1970 Alaska State Trooper Academy. Various police practices and supervisor training's.

1971-1973 University of Alaska, Anchorage campus. Full time student. Psychology, business and economics.

1985-1991 Society of Certified Insurance Counselors annual course offerings held in Anchorage: Commercial Property, Agency Management, Commercial Liability, Personal Lines.

Oct-Nov 1992 The Appraisal Education Foundation, San Diego, Ca. Standards of Professional Practice, Foundations of Real Estate

Appraisal, Appraising the Single Family Residence.

1993 Novell Inc., Anchorage, Ak. System Administrators course  
on Release 4.0 Novell network.

1996-Present Numerous management and supervisor trainings sponsored  
by the City of Bethel - curriculum provided through the University of Vermont.  
Several AutoCad trainings and two trainings in Microsoft network administration.