

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2766

1/13/05

EDUCATION

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Handout 1-13-05



Alaska Public School Funding Formula Overview

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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

**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

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.

Who Qualifies as a Student?

Eligibility for State Foundation Funding:

- A child who is 6 years of age before September 1st, and under the age of 20, and has not completed the 12th grade. (AS 14.03.070)
- A child who is 5 years of age before September 1st, 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))

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

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.

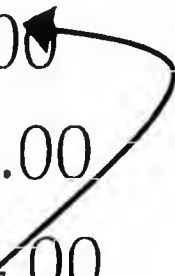
* *Alternative* schools with an ADM of less than 200 shall be counted as a part of the school in the district with the *highest* ADM.

* 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

Step 1. *Example:* Nome City Schools Projected FY05 ADM by School

➤ Nome Elementary School.....	395.00
➤ Nome-Beltz Jr/Sr High School.....	360.00
➤ Anvil City Science Academy.....	44.00
➤ Nome Youth Facility.....	<u>10.00</u>
➤ Total ADM.....	809.00



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

$$395 + 44 = \underline{439.00}$$

Step 1.
Example:
Nome City
Schools

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.	150-249.99	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))

K-6 Adjusted ADM's

(Ref. 7) $471.60 + \{.92 * (439.00 - 400)\}$ 507.48

7-12 Adjusted ADM's

(Ref. 6) $326.10 + \{.97 * (360.00 - 250)\}$ 432.80

(Ref. 1) Youth facility's ADM 10 + 39.60

School Size Adjusted ADM **979.88**

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 for Nome:

$$979.88 \times \underline{1.319} = 1,292.46$$

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)

Step 3. *Example:* Nome City Schools

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

$$1,292.46 \times \underline{1.20} = 1,550.95$$

(Shown on Column R, page 8)

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;
3. Established Individual Education Plan (IEP) for each intensive services student.

An Intensive Services student generates \$22,880.

(Intensive Student Count) * 5 = Intensive Student Funding

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 3 Intensive Student~

$$3 \times 5 = 15$$

$$1,550.95 + \underline{15} = 1,565.95$$

(Shown on Column U, page 8)

Step 5. Correspondence Programs

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

Each correspondence student generates \$3,661.

(Correspondence ADM) \times .80 = **Level of**

Correspondence Funding

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

$$1,565.95 + \underline{0} = 1,565.95$$

(Shown on Column V, page 8)

BASIC NEED Entitlement

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

$$1,565.95 \times \underline{\$4,576} = \underline{\$7,165,787}$$

(Shown on Column W, page 9)

NOME: Summarized District Adjusted ADM & Basic Need

Projected ADM for Nome:	809.00
Step 1. Adjusted ADM for School Size:	979.88
Step 2. Apply the District Cost Factor:	x <u>1.319</u>
	1,292.46
Step 3. Apply the Special Needs Factor:	x <u>1.20</u>
	1,550.95
Step 4. Add Intensive Service Counts:	+ <u>15.00</u>
(3.00 x 5 = 15)	1,565.95
Step 5. Add Correspondence Student Counts:	+ <u>0</u>
(0 x .80 = 0)	
= District Adjusted ADM	1,565.95
Multiply by \$4,576 the base student allocation	x <u>\$4,576</u>
 BASIC NEED:	 \$7,165,787

Components of Basic Need (Who Pays?)

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

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.)

Calculating Nome's Full and True Value

Nome's 2004 Full Value	206,289,200
Nome's 1999 Full Value	191,926,100
Full Value Increase Difference	14,363,100
Divided in Half	7,181,550
Half of the Increase is Added to 1999 Value	
$191,926,100 + 7,181,550 =$	199,107,650

Required Local Contribution

Example: Nome City Schools

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

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

$$.004 \times \underline{\$199,107,650} = \text{\$796,431}$$

45% of Prior Year Basic Need:

$$.45 \times \underline{\$6,881,572} = \$3,096,707$$

(Shown on Column C, page 9)

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 the payment vouchers are used to indicate that a school district has received Title VIII Payments

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.

\$78,599

(amount eligible for Deduction)

(Shown on Column D, page 9)

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 15th of each year and may consist of:

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

Title VIII Percentage

Example: Nome City Schools

Required Local: \$ 796,431 = 48.87%

Budgeted Local: \$1,629,705

(This percentage is only derived for City & Boroughs)

(Shown on Column E, page 9)

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:

$$\$78,599 \times 48.87\% \times 90\% = \$34,570$$

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

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

STATE AID

Nome City Schools

Nome's State Aid:

Basic Need	\$ 7,165,787
Less Required Local (796,431)	
<u>Less Impact Aid</u>	<u>(34,570)</u>
State Aid	\$ 6,334,786

(Shown on Column G, page 9)

Additional Funds Above Basic Need

⇐ **Additional Local Contribution**

⇐ **Quality Schools Grant**

⇐ **Supplemental Funding Floor**

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 Full & True Value Tax Base:

$$.002 \times \$206,289,200 = \$412,578$$

23% of Basic Need:

$$.23 \times \$7,165,787 = \mathbf{\$1,648,131}$$

Maximum Local Contribution

Example: Nome City Schools

Required local contribution plus Additional local contribution

Required Local Contribution: \$ 796,431

Additional Local Contribution: +\$1,648,131

Maximum Local Contribution: \$2,444,562

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

$$1,565.95 \times \$16 = \$25,055$$

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

Supplementary Funding Floor

- ↩ What is “The Floor”?
- ↩ How is it established?
- ↩ How is it adjusted?

“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.

How "The Floor" was Established

"The Floor" was established in FY1999

FOR EXAMPLE:

Old Formula State Aid

= \$1,100,000

New Formula State Aid

(Less) = \$1,000,000

Supplementary Funding Floor

(Result) = \$100,000

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**

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.

Supplementary Funding Floor - Adjustment # 1

EXAMPLE

Increase of Basic Need

Floor Adjustment due to Increases in Basic Need began in FY2000

FY2005 Basic Need	\$2,100,000
FY2004 Basic Need	<u>\$2,050,000</u>
FY2005 increase over FY2004	\$50,000
40% of the increase over prior year equals the amount the FY2000 floor is reduced	(\$20,000)
<u>FY2004 Funding Floor</u>	<u>\$100,000</u>
Revised funding Floor for FY2005	\$80,000

Supplementary Funding Floor – Adjustment # 2

EXAMPLE

Decrease in ADM

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.

Establishing Nome City School's Floor

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

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.

Components Of State Aid

A Permanent Funding Component of State Aid

Nome's Total State Aid equals:

Calculated State Aid	\$6,334,786
<i>plus</i> the Funding Floor	\$ 0
<u><i>plus</i> the Quality Schools Grant</u>	<u>\$</u>
<u>25,055</u>	
TOTAL STATE ENTITLEMENT	\$6,359,841

Please Note:

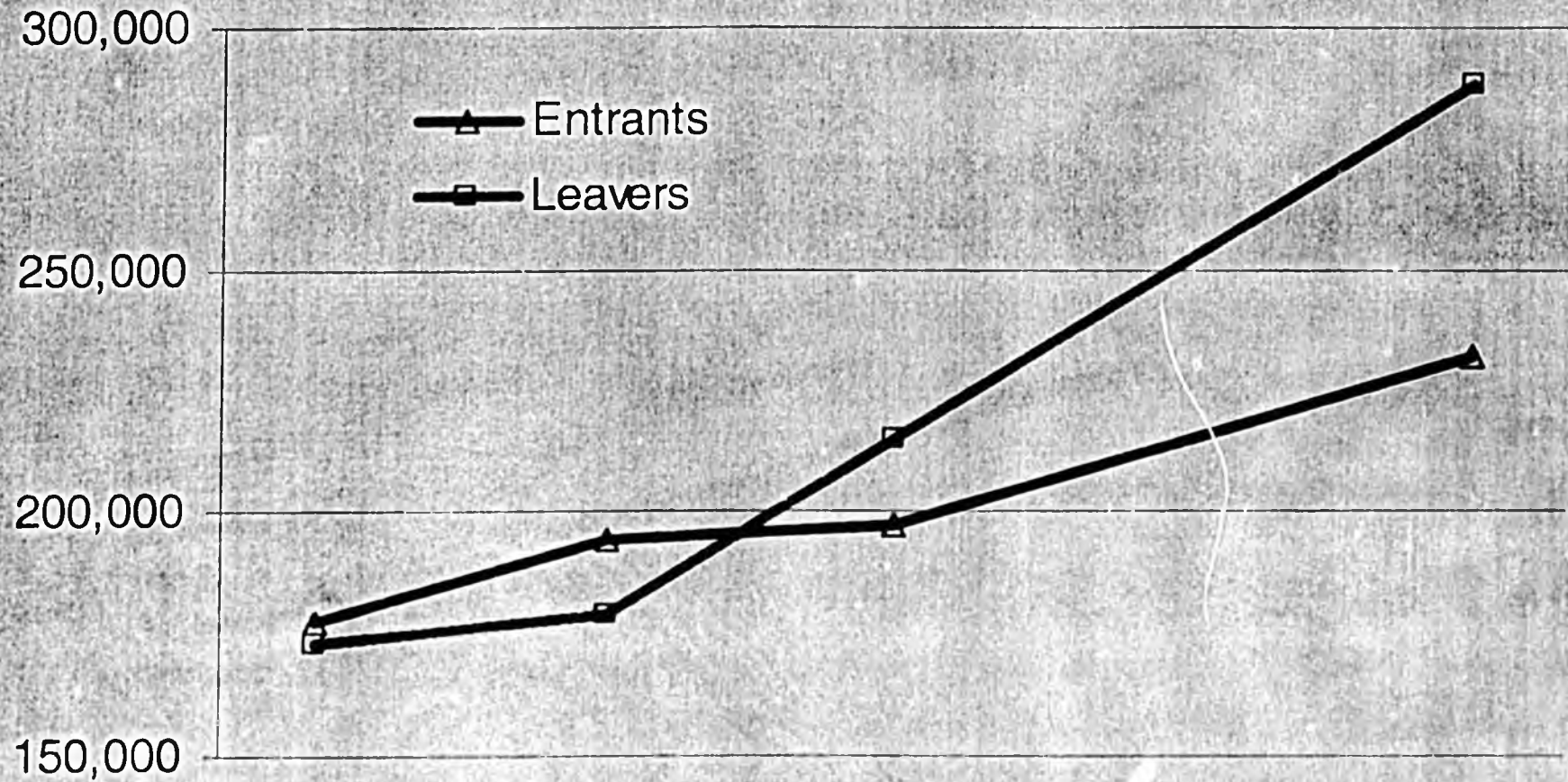
Prorating the Public School Funding Formula

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)

ANY QUESTIONS?

National Trends: Teacher Employment & Turnover



Sources: Richard M. Ingersoll, American Educational Research Journal. 2001

Alaska Job Fair



Governor Murkowski's K-12 Funding Package

- **Predictability in future funding.**

Approve two years of funding (Fiscal Year 2006 and 2007) instead of only one year so school districts will know on how much state funding they can rely.

- **State pays PERS and TRS increases.**

The state will cover the increased retirement system costs for school districts, estimated to increase \$38 million next year and another \$39 million the year after.

- **More state funds to cover other increased costs.**

Additional funding to cover increased costs of day-to-day delivery of education. Using a three year average for Anchorage CPI, this would provide an estimated \$24 million in increased funding next year and another \$25 million increase the following year.

- **Increase state's "student base allocation."**

Increase the per student education funding formula by \$304 (to \$4,880) next year and by another \$310 (to \$5,190) the following year.

- **The bottom line: \$208 million more for K-12 schools**

The state's support per student will have increased 29% during the first four years of this Administration. This translates into a \$208 million increase in state support for education.

Commitment. Accountability

Public School Funding Program Overview

Updated January 2005



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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)**

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 [Step 1]

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 adjusted 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.

Using the proper formula from the school size factor table, calculate the adjusted ADM for each school.

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.	150-249.99	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))

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

District Cost Factors [Step 2]

- 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 [Step 3]

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' previously adjusted ADM is now multiplied by the Special Needs factor of 1.20.

Intensive Services Funding [Step 4]

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 [Step 5]

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

Basic Need

Multiply the district adjusted ADM by the base student allocation to determine Basic Need. The base student allocation is \$4,576.

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.

Required Local Contribution

The equivalent of a 4-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 1999 Full and True Value is used for the 4 mill equivalent calculation. If the latest Full and True Value doesn't exceed the 1999 Full and True Value, then the latest value is utilized.

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, then take the difference, and multiply it by 40%. Subtract this number from the funding 'Floor' to arrive at the new 'Floor' amount 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

I. Basic Need		Column
Projected ADM	809.00	L
<i>(Nome's Schools had 3 School Size Adjustments)</i>		
Adjusted ADM-School Size	979.88	O
Apply District Cost Factor	<u>x 1.319</u>	
	1,292.46	Q
Apply Special Needs Factor	<u>x 1.20</u>	
	1,550.95	R
Add Intensive Service Counts	<u>15.00</u>	T
(3 x 5) = 15.00	1,565.95	U
Add Correspondence Counts	<u>0.00</u>	V
(0 * .80) = 0		
District Adjusted ADM	1,565.95	W
Multiply by \$4,576 base allocation	<u>x \$4,576.00</u>	
Basic Need:	\$7,165,787	B
II. Nome's State Aid		
Basic Need	\$7,165,787	B
Required Local Contribution	(796,431)	C
Impact Aid	<u>(34,570)</u>	F
State Aid	\$6,334,786	G
III. Quality Schools Grant		
District adjusted ADM x \$16	1,565.95	
	<u>x \$16.00</u>	
	\$25,055	I
State Aid	\$6,334,786	G
FY2005 Adjusted 'Floor'	0	H
Quality Schools Grant	<u>25,055</u>	I
Total State Aid	\$6,359,841	J

Alaska Department of Education & Early Development

January 2005 Updated
 FY2006 Projections
 Department of Education & Early Development
 Foundation

1	School District	L+M				D&P		O&I 20		S&S		R+T		M&R		U&V
		K	L	M	N	O	P	Q	R	S	T	U	V	W		
		Projected FY06 ADM	Projected Corresp. ADM	FY06 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 80%	District Adjusted ADM			
2	Alaska Gateway	396.00	35.00	431.00	676.76	1.291	873.70	1048.44	4	20	1068.44	28.00	1096.44			
3	Aleutian Region	46.00	0.00	46.00	118.80	1.736	206.24	247.49	0	0	247.49	0.00	247.49			
4	Aleutians East	276.00	0.00	276.00	530.60	1.423	755.04	906.05	0	0	906.05	0.00	906.05			
5	Anchorage	48261.00	843.00	104.00	52466.61	1.000	52466.61	62959.93	575	2875	65834.93	674.40	66509.33			
6	Annette Island	312.45	0.00	312.45	449.44	1.011	454.38	545.26	5	25	570.26	0.00	570.26			
7	Bering Strait	1761.00	0.00	1761.00	2823.97	1.525	4306.55	5167.86	13	65	5232.86	0.00	5232.86			
8	Bristol Bay	175.00	0.00	175.00	277.45	1.262	350.14	420.17	2	10	430.17	0.00	430.17			
9	Chattam	163.00	0.00	163.00	292.97	1.120	328.13	393.76	2	10	403.76	0.00	403.76			
10	Chitukach	74.00	141.00	215.00	154.05	1.294	199.34	239.21	0	0	239.21	112.80	352.01			
11	Copper River	546.25	92.25	638.50	888.26	1.176	1044.59	1253.51	6	30	1273.51	73.80	1357.31			
12	Cordova	455.00	0.00	455.00	603.60	1.096	661.55	793.86	7	35	828.86	0.00	828.86			
13	Craig	355.80	305.65	661.45	496.46	1.010	501.43	601.72	12	60	661.72	244.52	906.24			
14	DeltaGreely	953.00	397.00	1350.00	1221.20	1.106	1350.65	1620.78	2	10	1630.78	317.60	1948.38			
15	Denali	302.00	400.00	702.00	482.64	1.313	633.71	760.45	9	45	805.45	320.00	1125.45			
16	Dillingham	547.90	0.00	547.90	697.76	1.254	874.99	1049.99	12	60	1109.99	0.00	1109.99			
17	Fairbanks	14376.00	217.00	14593.00	16205.08	1.039	16837.08	20204.50	275	1375	21579.50	173.60	21753.10			
18	Galena	212.00	3500.00	3712.00	321.80	1.348	433.79	520.55	2	10	530.55	2800.00	3330.55			
19	Halpern	257.00	11.00	268.00	409.49	1.008	411.76	494.11	4	20	514.11	0.00	522.91			
20	Healy	179.00	0.00	179.00	282.53	1.055	298.07	357.68	6	30	387.68	0.00	387.68			
21	Hodaburg	80.00	0.00	80.00	129.20	1.085	140.18	168.22	1	5	173.22	0.00	173.22			
22	Interior Area	274.00	80.00	354.00	510.78	1.470	750.85	901.02	0	0	901.02	64.00	965.02			
23	Juneau	5229.40	53.23	5282.63	5674.52	1.005	5702.90	6843.48	140	700	7543.48	42.58	7586.06			
24	Katik	141.00	0.00	141.00	231.19	1.025	236.97	284.36	3	15	299.36	0.00	299.36			
25	Kashunami	354.45	0.00	354.45	495.01	1.389	687.56	825.07	3	15	840.07	0.00	840.07			
26	Kemna Peninsula	8851.00	740.00	9591.00	11078.17	1.004	11122.48	13346.98	57	285	13631.98	592.00	14223.98			
27	Ketchikan Gateway	2307.00	26.00	2333.00	2798.56	1.000	2798.56	3358.27	26	130	3488.27	20.00	3509.07			
28	Klawick	161.00	0.00	161.00	259.67	1.017	264.08	316.90	3	15	331.90	0.00	331.90			
29	Kodiak Island	2653.00	58.00	2711.00	3230.13	1.093	3530.53	4236.64	26	130	4366.64	46.40	4413.04			
30	Koyuk	410.00	0.00	410.00	743.38	1.434	1066.01	1279.21	0	0	1279.21	0.00	1279.21			
31	Lower Kuskokwim	393.00	0.00	393.00	748.09	1.558	1165.52	1398.62	2	10	1408.62	0.00	1408.62			
32	Lower Kuskokwim	3906.00	0.00	3906.00	5726.86	1.491	8538.75	10246.50	62	310	10556.50	0.00	10556.50			
33	Lower Yukon	2018.00	0.00	2018.00	3065.43	1.438	4408.09	5289.71	19	95	5384.71	0.00	5384.71			
34	Matanuska	14188.00	1144.00	15332.00	15971.22	1.010	16130.93	19357.12	245	1225	20582.12	915.20	21497.32			
35	Metlakatla	198.00	500.00	698.00	305.12	1.270	387.50	465.00	1	5	470.00	400.00	870.00			
36	Nenana	809.00	0.00	809.00	979.88	1.319	1292.46	1550.95	3	15	1565.95	0.00	1565.95			
37	North Star	1629.00	0.00	1629.00	2314.93	1.504	3481.65	4177.98	10	50	4227.98	0.00	4227.98			
38	Northwest Arctic	2072.00	0.00	2072.00	2970.88	1.549	4601.89	5522.27	12	60	5582.27	0.00	5582.27			
39	Prudhoe	11.20	0.00	11.20	39.60	1.290	51.08	61.30	1	5	66.30	0.00	66.30			
40	Prudhoe Bay	607.00	0.00	607.00	820.44	1.000	820.44	984.53	9	45	1029.53	0.00	1029.53			
41	Prudhoe	133.00	0.00	133.00	230.82	1.419	327.53	393.04	0	0	393.04	0.00	393.04			
42	Starbuck	167.00	0.00	167.00	267.07	1.551	360.81	432.97	1	5	437.97	0.00	437.97			
43	Talkeetna	1430.00	30.00	1460.00	1714.01	1.000	1714.01	2056.00	23	115	2171.00	24.00	2195.00			
44	Talkeetna	103.00	0.00	103.00	175.67	1.143	200.79	240.95	0	0	240.95	0.00	240.95			
45	Southcentral Island	220.00	4.00	224.00	460.60	1.124	517.94	621.53	0	0	621.53	3.20	624.73			
46	Southwest Arctic	713.25	0.00	713.25	1159.72	1.473	1697.29	1990.35	8	40	2020.35	0.00	2020.35			
47	Talkeetna	62.00	50.00	112.00	103.48	1.096	154.81	185.77	2	10	195.77	40.00	235.77			
48	Talkeetna	410.63	0.00	410.63	563.92	1.245	702.58	843.10	1	5	848.10	0.00	848.10			
49	Valdez	816.00	0.00	816.00	1024.37	1.095	1121.69	1346.03	9	45	1391.03	0.00	1391.03			
50	Wainwright	375.00	0.00	375.00	517.20	1.000	517.20	620.64	1	5	625.64	0.00	625.64			
51	Wainwright	116.00	0.00	116.00	195.04	1.046	204.01	244.91	2	10	254.91	0.00	254.91			
52	Wainwright	304.05	0.00	304.05	369.63	1.068	950.11	1140.13	5	25	1165.13	0.00	1165.13			
53	Wainwright	369.00	1000.00	2169.00	667.94	1.502	1003.25	1203.90	6	30	1243.90	1440.00	2683.90			
54	Wainwright	441.00	0.00	441.00	712.69	1.469	1046.94	1256.33	3	15	1271.33	0.00	1271.33			
55	Wainwright	400.00	0.00	400.00	471.60	1.000	471.60	565.92	0	0	565.92	0.00	565.92			
56																
57	TOTALS	121,999.30	10,427.13	132,426.43	146,324.85	0.000	161,109.73	193,331.72	1,622	8,110	201,441.72	8,340.70	209,782.42			

Alaska Department of Education & Early Development

January 2005 Updated
FY2006 Projections

Department of Education & Early Development
Foundation

	A	B	C	D	E	F	G	H	I	J
1	School District	\$4,576 Basic Need	Required Local Effort	Federal Impact AID	Impact AID Percent	Deductible Impact AID 90.0%	State AID	FY2006 Adjusted Floor	Quality Schools	FY06 Total Entitlement
2	Alaska Gateway	5,017,309	0	242,490	100.00%	218,241	4,799,068	99,056	17,543	4,915,667
3	Aleutian Region	1,132,514	0	215,017	100.00%	193,515	938,999	116,768	3,960	1,059,727
4	Aleutians East	4,146,085	384,290	761,941	40.03%	274,504	3,487,291	0	14,497	3,501,788
5	Anchorage	304,346,694	76,624,175	11,112,830	56.31%	5,631,871	222,090,648	0	1,064,149	223,154,797
6	Annette Island	2,609,510	0	1,356,114	100.00%	1,220,503	1,389,007	0	9,124	1,398,131
7	Bering Strait	23,945,567	0	7,582,155	100.00%	6,823,940	17,121,627	0	83,726	17,205,353
8	Bristol Bay	1,968,458	525,900	416,297	56.13%	210,301	1,232,257	0	6,883	1,239,140
9	Chatham	1,847,606	0	133,859	100.00%	120,473	1,727,133	0	6,460	1,733,593
10	Chugach	1,610,798	0	113,627	100.00%	102,264	1,508,534	391,471	5,632	1,905,637
11	Copper River	6,211,051	0	222,589	100.00%	200,330	6,010,721	0	21,717	6,032,438
12	Cordova	3,792,863	709,368	19,128	51.77%	8,912	3,074,583	0	13,262	3,087,845
13	Craig	4,146,954	408,118	167,609	36.65%	55,286	3,683,550	0	14,500	3,698,050
14	Delta/Greely	8,915,787	0	4,512	100.00%	4,061	8,911,726	0	31,174	8,942,900
15	Denali	5,150,059	564,194	15,779	44.18%	6,274	4,579,591	0	18,007	4,597,598
16	Dillingham	5,079,314	600,885	467,601	55.29%	232,683	4,245,746	0	17,760	4,263,506
17	Fairbanks	99,542,186	21,243,578	11,259,652	57.46%	5,822,816	72,475,792	0	348,050	72,823,842
18	Galena	15,240,597	73,143	0	4.76%	0	15,167,454	838,249	53,289	16,058,992
19	Haines	2,392,836	837,418	0	60.47%	0	1,555,418	0	8,367	1,563,785
20	Hoonah	1,774,024	122,834	503,622	26.82%	121,564	1,529,626	0	6,203	1,535,829
21	Hydaburg	792,655	32,726	286,077	34.81%	89,625	670,304	94,290	2,772	767,366
22	Iditarod Area	4,415,932	0	522,079	100.00%	469,871	3,946,061	465,588	15,440	4,427,089
23	Juneau	34,713,829	11,186,749	0	58.97%	0	23,527,080	0	121,377	23,648,457
24	Kake	1,369,871	74,734	470,913	25.81%	109,388	1,185,749	0	4,790	1,190,539
25	Kashonmuit	3,844,160	0	1,456,635	100.00%	1,310,972	2,533,188	0	13,441	2,546,629
26	Kenai Peninsula	65,088,932	19,125,610	0	56.45%	0	45,963,322	0	227,584	46,190,906
27	Ketchikan Gateway	16,057,504	4,406,742	6,011	56.75%	3,070	11,647,692	0	56,145	11,703,837
28	Klawock	1,518,774	123,135	444,474	38.36%	153,450	1,242,189	83,895	5,310	1,331,394
29	Kodiak Island	20,194,071	3,937,475	1,725,805	46.71%	746,531	15,510,065	0	70,609	15,580,674
30	Kuspuk	5,853,665	0	1,403,836	100.00%	1,263,452	4,590,213	0	20,467	4,610,680
31	Lake & Peninsula	6,445,845	747,911	1,432,877	18.71%	239,598	5,958,336	0	22,538	5,980,874
32	Lower Kuskokwim	48,306,544	0	10,130,448	100.00%	9,117,403	39,189,141	617,100	168,904	39,975,145
33	Lower Yukon	24,640,433	0	7,340,406	100.00%	6,606,365	18,034,068	0	86,155	18,120,223
34	Mat-Su	98,371,736	15,650,994	0	45.80%	0	82,720,742	0	343,957	83,064,699
35	Nenana	3,981,120	72,661	0	52.21%	0	3,908,459	0	13,920	3,922,379
36	Nome	7,165,787	796,431	78,599	48.87%	34,570	6,334,386	0	25,055	6,359,441
37	North Slope	19,347,236	9,014,539	5,533,843	39.12%	1,948,355	8,384,342	0	67,648	8,451,990
38	Northwest Arctic	25,544,468	1,526,651	5,576,562	37.45%	1,879,580	22,138,237	0	89,316	22,227,553
39	Pelican	203,359	52,820	0	100.00%	0	250,569	152,554	1,061	404,184
40	Petersburg	4,711,129	1,036,074	0	61.60%	0	3,675,055	0	16,472	3,691,527
41	Prud'homme	1,798,551	0	607,364	100.00%	546,574	1,251,977	0	6,289	1,258,266
42	Saint Mary's	2,004,151	18,289	0	34.87%	0	1,985,362	0	7,008	1,992,370
43	Sitka	10,047,981	2,812,376	10,879	58.26%	5,704	7,229,901	0	35,133	7,265,034
44	Skagway	1,102,587	520,340	0	61.82%	0	582,227	124,465	3,855	710,547
45	Southeast Island	2,858,764	0	32,351	100.00%	29,116	2,829,648	230,188	9,996	3,069,832
46	Southwest Region	9,245,122	0	2,733,377	100.00%	2,460,039	6,788,063	0	32,326	6,820,389
47	Tarana	1,078,884	22,692	48,748	73.70%	32,035	1,023,857	0	3,772	1,027,629
48	Umanak	3,880,906	1,809,113	10,551	65.71%	6,240	2,065,553	26,470	13,570	2,405,593
49	Valdez	6,765,353	2,920,419	0	58.42%	0	3,844,934	217,318	22,256	3,664,508
50	Wrangell	2,862,929	592,666	5,909	65.02%	3,458	2,266,805	0	10,010	2,276,815
51	Yakutat	1,166,013	196,958	127,422	45.28%	51,927	947,126	70,228	4,077	991,431
52	Yukon Flats	5,331,635	0	1,333,425	100.00%	1,200,000	4,131,552	467,082	19,642	4,617,236
53	Yukon-Koyukuk	12,281,526	0	1,405,133	100.00%	1,264,620	11,016,906	0	42,942	11,059,848
54	Yupik	5,817,606	0	1,791,327	100.00%	1,612,194	4,205,412	0	20,341	4,225,753
55	Mt. Edgecumbe	2,589,650	0	840,566	100.00%	756,455	1,833,195	0	9,655	1,842,850
56								Order Military		26,096,100
57	TOTALS	959,968,948	177,972,520	79,980,319		53,188,513	728,807,607	3,994,682	3,356,536	762,255,225

LEGISLATIVE RESEARCH REPORT

DECEMBER 7, 2004



REPORT NUMBER 05.066

THE GOVERNOR'S EDUCATION FUNDING INITIATIVE AND THE ANCHORAGE SCHOOL DISTRICT BUDGET

PREPARED FOR REPRESENTATIVE LES GARA

BY CHERIE NIENHUIS, LEGISLATIVE ANALYST

You asked about the specific components of the Governor's recently announced K-12 education funding initiative and its effect on the Anchorage School District (ASD) budget. You also asked how the school district's budget would be impacted if the local contribution was increased to match the rate of inflation.

On November 5, 2004, Governor Murkowski unveiled his K-12 education funding initiative, which, according to press releases, would provide \$208 million in additional funding for the state's public schools. A closer look at this proposal shows that the \$208 million consists of three components:

- \$82 million—an amount equivalent to the funding increase appropriated last year by the 23rd Legislature for the 2004-2005 budget, which the Governor proposes to "make permanent."
- \$77 million—the amount necessary to cover two years of increased Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) retirement costs (\$38 million in 2006 and \$39 million in 2007).
- \$49 million—the amount needed over two years to fund the "increased costs of day-to-day delivery of education" (\$24 million in 2006 and \$25 million in 2007). According to documentation provided at the Department of Education and Early Development (DEED) website, this increase was calculated using a three-year average of the Anchorage Consumer Price Index (CPI), an inflation indicator.¹

¹ From Governor Murkowski's press release, "Building the Future," Volume 32, November 9, 2004, and "Governor Murkowski's K-12 Funding Package," as posted at the Department of Education and Early Development's website, <http://www.eed.state.ak.us/news/K12graph.pdf>. We include a copy of each of these documents as Attachment A.

The \$208 million funding package translates into an increased student base allocation of \$598 over the course of two years. Under the proposal, the Governor's initiative would raise the student base allocation from \$4,576 per student (provided in the 2004-2005 school year) to \$4,869 in 2005-2006, and \$5,174 in 2006-2007, representing an increase of about 13 percent over two years.

As discussed above, the PERS/TRS retirement systems are expected to cost \$38 million in 2006 and \$39 million in 2007. The inflationary cost component of the proposal is set at \$24 million in 2006 and \$25 million in 2007. Combined—outside of the \$82 million carried from the 2004-2005 school year—the Governor has proposed increases of \$62 million and \$64 million in 2006 and 2007, respectively. Of these amounts, the PERS/TRS component will absorb 61.3 percent of the proposed allocation the first year and 60.9 percent the second. That leaves 38.7 percent and 39.1 percent in 2006 and 2007 to cover inflation increases, which amount to \$113.4 and \$119.1 of the student base allocation, respectively. We calculate these allocation adjustments to represent an approximate 2.46 percent per year increase. Although the 2004 Consumer Price Index (CPI) for Anchorage has yet to be determined, we note that the average Anchorage CPI for 2001 through 2003 equals 2.466 percent.²

According to Legislative Research Report 04.065, prepared February 3, 2004—prior to the 23rd Legislature's action on the 2004-2005 K-12 education funding package—the student base allocation, had it been adjusted for inflation since FY 1999, would have equaled \$4,422 for the 2004-2005 school year. As you know, the Legislature authorized increasing the allocation to \$4,576, a total of \$154 per student above that calculated using the Anchorage CPI, giving the state's public schools a 9.76 percent boost from the prior year's funding. Last year's inflation rate was 2.7 percent.

THE ANCHORAGE SCHOOL DISTRICT BUDGET

Prior to the Governor's initiative announcement, the Anchorage School District anticipated a \$29 million shortfall for the 2005-2006 school year. With implementation of the additional funding, the ASD currently predicts that it will face a \$10 million shortfall for year.³

The ASD budget, like that of most school districts, is dependent on revenue from many sources, one of which is the local property tax base. For the 2005-2006 school year, the ASD expects to receive approximately \$144.2 million in property tax revenue. According to Janet Stokesbary, Chief Financial Officer, ASD, this amount is a projection that is contingent on several factors.

The Anchorage property tax contribution for the 2005-2006 school year is calculated using the prior year's contribution, a projected five-year average of the population change, and a projected inflation rate. The ASD has estimated the population to have increased 1.16 percent, and the inflation rate to be 2.8 percent; the two of them added together equal 3.96 percent. The prior

² As calculated using the Anchorage CPI values shown on the Alaska Department of Labor and Workforce Development website, of 2.7, 1.0, and 2.8: <http://alms.labor.state.ak.us/PAGEID=67&SUBID=198>.

³ This revised estimate from the previous estimate of \$7 million (the amount reported in many budget documents) reflects an amendment made by the Anchorage School Board regarding the use of the undesignated fund balance. Approximately \$3 million of this fund will be used to cover existing one-time expenditures—costs that fall outside the school district's 2005-2006 budget.

year's property tax contribution of \$132.9 million (excluding the debt service contribution) increased by 3.96 percent totals \$138.16 million. Together with other authorized tax contributions of approximately \$6 million, the ASD has projected the local tax contribution to be about \$144.16 million for the 2005-2006 school year.⁴ Ms. Stokesbary notes that this is the maximum contribution the school district can expect from the local property tax base, and it is contingent on authorization from the Anchorage Assembly. The Assembly has not always authorized the maximum contribution, Ms. Stokesbary adds.⁵

In answer to your question about the local contribution being adjusted for inflation, therefore, it appears from the above description that the property tax contribution is routinely adjusted for inflation each year. We note that the ASD had already dramatically increased other fees for the 2004-2005 school year; for example, summer school sessions increased from \$50 to \$75 per session, and high school activity fees increased from \$75 to \$125 per sport.

Ms. Stokesbary explains that because the budget is contingent on several factors, it is difficult to know with certainty how much the school district will have to cut from the budget. To further complicate matters, a decrease in student enrollment is projected, down 168 full-time equivalent students from the current school year. At this point, the ASD is expecting to trim approximately \$10 million from its projected expenditures—just how that will be done is still in question. Ms. Stokesbary tells us that all options are on the table, including staffing cuts. She anticipates that the ASD budget will be the topic of much discussion and debate once the Legislative session starts.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

⁴ We include ASD budget documentation detailing fund sources as Attachment B.

⁵ Janet Stokesbary, Chief Financial Officer, ASD, can be reached at (907) 742-4369.

Attachment A

Governor Frank Murkowski,
"Building the Future," November 9, 2004

and

"Alaska K-12 Funding and Governor Murkowski's
K-12 Funding Package," as posted at the
Department of Education and Early Development website,
<http://www.eed.state.ak.us/news/K12graph.pdf>



Building the Future

A biweekly update from Governor Murkowski

Taking Responsibility Today for Alaska's Tomorrow

Volume 32

November 9, 2004

The Word on the Street:

“This will go a long way toward narrowing the gap and allowing us to plan and concentrate on increasing student achievement, negotiating in good faith with our employees, and try to do what we need to do to run our educational system.”

- Carol Comeau
Superintendent,
Anchorage School
District

Looking Ahead:

Nov. 9-13 – Thailand
Governor participates in
CSG Trade Mission to
Thailand.

Wandering the Web

Industrial Roads

Find a thorough information resource on the state's Roads to Resources initiative

Mining Home Page

Get to know Alaska's rich mineral resources from the experts at the Division of Geological and Geophysical Surveys

Governor Announces K-12 Education Funding Initiative

Governor Frank H. Murkowski told the Association of Alaska School Boards that he will ask the Legislature to not only make permanent the \$82 million increase to K-12 education approved this year, but to increase education by another \$126 million over the next two budget years. That would amount to a \$208 million for K-12 funding. He will ask the Legislature for early funding of the fiscal 2006 and 2007 education budgets to avoid the unnecessary cycle of pink slips being sent to teachers each year. Governor Murkowski hopes that this education package will let schools focus on teaching over the next two years instead of making ends meet. This significant education initiative would cover fixed retirement costs, higher-than-expected cost of fuel, and other increases in the day-to-day delivery of education services as well as providing additional funding for classrooms. As part of this education initiative, the state's per-student funding will increase by \$293 next year and by another \$305 the following year – from \$4,576 to \$5,174 by Fiscal Year 2007. The Governor recognized a 7 percent improvement in achieving math and language arts targets, and told the group he sees it as a significant step in closing public school students' achievement gap.

Concerns For Rural Economic Development Addressed

Governor Murkowski met with the executives of Alaska's Native corporations to listen to their concerns for their regions. First among the concerns expressed were the high cost of energy as a barrier to economic development in rural Alaska, the need for infrastructure development in rural areas, and the fiscal challenges brought on by the cost of public services. The Governor, speaking to the Alaska Federation of Natives annual state-wide convention, pledged continued cooperation to address concerns and make development goals a reality. Improved transportation and lower energy costs are key to economic development in rural Alaska, the Governor told the group, as he announced an initiative to provide financial assistance to about 120 rural communities disproportionately hit by high energy costs, largely in the form of high prices for diesel fuel that is used to power electric generators. Villages with populations of under 100, 100-600 and 600-1,200 residents would stand to receive \$25,000, \$50,000 and \$75,000, respectively. The Governor and corporation leaders agreed to continue to work jointly to meet the challenge of making sure rural communities have sufficient revenue to support public services. In addition, the meeting participants pledged to work with the administration to identify infrastructure projects that hold the potential to foster economic development activity in their respective regions. Participants pledged to draw upon their knowledge and experience in the public and private sectors to help identify and secure funding for these infrastructure projects. "The natural resources that are the foundation of Alaska's wealth lie largely in rural Alaska. Roads, ports, utilities and other infrastructure must be developed, and the state must join in the infrastructure investment," the Governor told the delegates.

(continued on page 2)

Did You Know ...

Alaska is rich in rare and costly Platinum Group Metals: platinum, palladium, rhodium, ruthenium, iridium and osmium. PGMs are also called noble metals because of their high resistance to oxidation and corrosion, and are mainly used in catalysts, electronics and jewelry. Known deposits can be found at Goodnews Bay, Kahlitna Valley, Valdez Creek and in the Yentna mining district.

Diamonds were first discovered in the Canadian Arctic in 1991, and are known for their quality. Rumors of diamond

Contact Us

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Governor: 'Bring the Kids Home' From Outside Care Centers

Speaking to the Alaska Federation of Natives, Governor Murkowski expressed concern over the number of Alaska children who must leave the state to be treated for behavioral problems. The Governor explained that over the past decade children with behavioral disorders are more and more often treated at inpatient care facilities located outside Alaska. Stating his conviction that such a situation is unacceptable, the Governor presented his "Bring the Kids Home" initiative designed to create new opportunities to treat Alaska youth in community-based care or inpatient facilities within Alaska. There are between 500 and 650 Alaskan youngsters in out-of-state treatment at any given time. The Governor said he intends to include funds for in-state residential treatment in his upcoming budget request.

Disaster Declaration Issued for Nome, Western Alaska

While touring the region, Governor Murkowski issued a state disaster declaration for the Northwest Arctic Borough, the Bering Strait REAA and the village of Mekoryuk in response to ocean storms that caused widespread damage. Villages along the Bering Sea and Norton Sound experienced coastal flooding, high winds and wind-driven tide surges. Damage in Nome is estimated at nearly \$5.5 million. The Governor has asked President Bush to declare a federal disaster area in order to allow the Federal Emergency Management Agency to provide additional assistance.

Rational Regulation, New Roads Will Boost Mining Effort

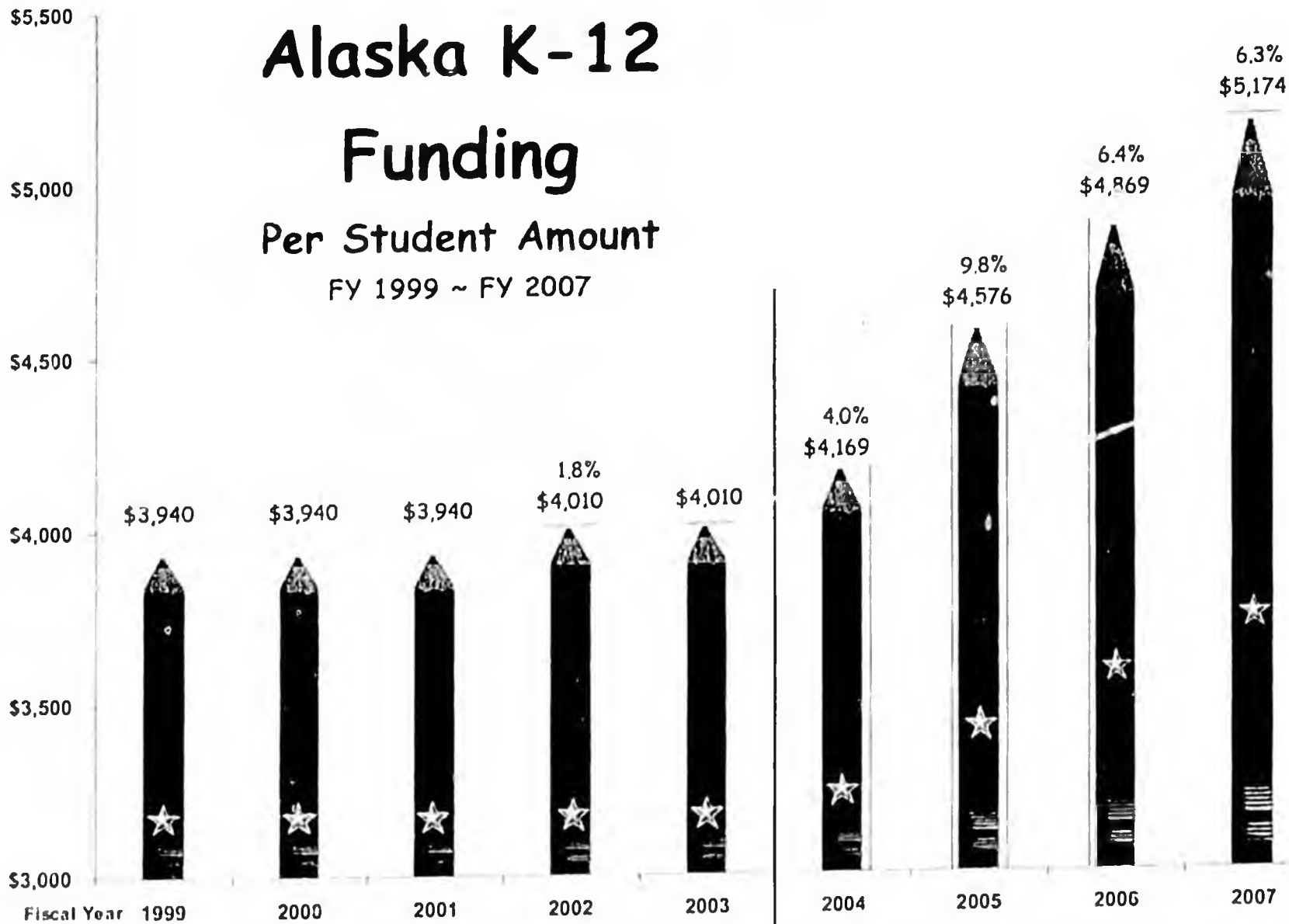
Emphasizing the importance of exploration, Governor Murkowski told the Alaska Miners Association he will direct additional funding to airborne geophysical data acquisition – which is the use of aircraft and high-tech equipment to survey an area for potential mineral deposits. The Governor remarked that this is the eighth consecutive year that Alaska's mining industry has passed the billion-dollar threshold. Alaska miners continue to demonstrate hard work and a determination to overcome challenges in the effort to convert the earth's riches into economic benefit. These challenges can be natural – a record-setting year for forest fires, for example – or regulatory. To assist in that arena, the Murkowski administration has enhanced the large mine permit team within the Department of Natural Resources. The actions include moving Alaska Coastal Zone Management to DNR and combining functions of the Habitat Division within DNR, and develop rational rules to allow the state to authorize multiple waste management or disposal activities at a single large mine facility. The Governor also told the miners his 'Roads to Resources' initiative will improve infrastructure to better allow mines to connect with tidewater or river ports. A major focus is being placed on connecting the Yukon and Kuskokwim Rivers, building a road to connect the Pebble Gold and Copper Mine with Cook Inlet, and improving the DeLong Mountain port which serves the Red Dog Mine.

Judges Appointed to Kenai, Palmer District Court

Governor Murkowski has appointed John W. Wolfe to the Palmer District Court, and David S. Landry to the Kenai District Court. Both benches are newly-created. Wolfe, 46, has been a prosecutor since 1985 and served in district attorney's offices in Kenai, Dillingham and Bethel. Wolfe graduated with a law degree from the University of Oklahoma in 1983 and has practiced law for more than 20 years. He is a member of the Children's Advocacy Center Board and the Community Justice Alliance in Dillingham. Landry, 52, served as Kenai District Court Magistrate since 1999 and is a former partner at the law firm of Molloy & Landry. Landry graduated from Western New England College School of Law in 1991 and served as a law clerk in the Kenai Superior Court and as an intern in the Kenai District Attorney's office. Landry played professional soccer from 1974-77 for the Seattle Sounders and Portland Timbers.

Alaska K-12 Funding

Per Student Amount
FY 1999 ~ FY 2007



% reflects amount of increase when compared to prior year

Governor Murkowski's K-12 Funding Package

- **Predictability in future funding.**
Approve two years of funding (Fiscal Year 2006 and 2007) instead of only one year so school districts will know on how much state funding they can rely.
- **State pays PERS and TRS increases.**
The state will cover the increased retirement system costs for school districts, estimated to increase \$38 million next year and another \$39 million the year after.
- **More state funds to cover other increased costs.**
Additional funding to cover increased costs of day-to-day delivery of education. Using a three year average for Anchorage CPI, this would provide an estimated \$24 million in increased funding next year and another \$25 million increase the following year.
- **Increase state's "student base allocation."**
Increase the per student education funding formula by \$293 (to \$4,869) next year and by another \$305 (to \$5,174) the following year.
- **The bottom line: \$208 million more for K-12 schools**
The state's support per student will have increased 29% during the first four years of this Administration. This translates into a \$208 million increase in state support for education.

Attachment B

Anchorage School District,
"ASD Memorandum #95 (2004-2005),
November 15, 2004, as posted at
http://www.asdk12.org/depts/budget/0506/20041115_Amended_M095.pdf

AMENDED 11/15/2004

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #95 (2004-2005)

November 15, 2004

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: FY 2005-2006 FINANCIAL PLANNING

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2005-2006 Preliminary Financial Plan in accordance with the financial projections set forth in this memorandum. Specifically, the budget for FY 2005-2006 is to be established for planning purposes with projected revenues and use of fund balance not-to-exceed \$566,920,364. This includes individual fund budgets currently projected as follows:

	<u>FY 2005-2006 Financial Plan</u>
General Fund	\$ 429,540,000
Food Service Fund	14,525,583
Debt Service Fund	77,854,781
Local/State/Federal Projects Fund	<u>45,000,000</u>
Total - All Funds	<u>\$ 566,920,364</u>

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling indicated above in accordance with any negotiated contract adjustments and other associated costs increases, further review of the fees' structure, School Board requests, Administration, community, staff and students' budget review team recommendations as implemented by the Superintendent. In addition, flexibility must be allowed for adjustments based on the budget being in alignment with academic achievement, updated demographic and/or economic information, as well as

the status of the Waldorf and The Master's Preparatory Leadership Academy Charter School applications scheduled for School Board review.

This guidance directs the Administration to build the budget based on the Governor's proposed funding without use of fund balance, plus \$6.5 million from the fund balance for one-time expenditures outside the ordinary annual budget.

PERTINENT FACTS:

The above underlined paragraph reflects the amendment made by the School Board at the November 15, 2004 School Board meeting. The following information in this memorandum does not reflect amendment. The fiscal gap of \$7 million referenced below is revised to \$10 million as a result of the amendment made by the School Board.

Since the announcement of the Governor's educational funding plan and the direction of the School Board at the work session on November 8, 2004 to proceed with the Governor's plan as a base for the Alaska Public School Funding Program, the fiscal gap was reduced from \$29.0 million to \$10.0 million. In addition, at the work session, the School Board directed the Administration to use some of the undesignated fund balance as a funding source, while still maintaining a five percent undesignated fund balance to cover unforeseen contingencies. With the use of fund balance to cover existing one-time expenditures, the fiscal gap was reduced to \$7.0 million. This memorandum is presented to assist the School Board in their review of the District's educational obligations that need to be addressed during the FY 2005-2006 financial planning process. This memorandum presents financial planning considerations that will be used in developing the FY 2005-2006 Financial Plan, allowing the School Board the opportunity to review significant financial issues which will be addressed during the budget hearings in January.

THE BUDGETING PROCESS

The budget provides a blueprint for the Anchorage School District's educational goals. When developing the budget, the Anchorage School District has an obligation to its many stakeholders—the students, parents, employees, and community members—to consider each group's priorities and balance them with the District's stated mission of educating all students for success in life. The FY 2005-2006 budget projections reflect the District's on-going efforts to achieve this balance, maximize performance and contain costs.

These initial projections for FY 2005-2006 are prepared using the most current information available. Existing funds and cost savings are directed to District programs to ensure that progress is made in achieving the current School Board Goals. The budget development process is mindful of the District's Six Year Instructional Plan with the responsibility of designating financial and human resources within projected revenues.

The budget continues to realign the District's priorities, as budgeting is a progressive process. The balanced budget concept, Alaska Public School Funding, and the local property tax limitation necessitate early predictions of both revenues and expenditures. Departments and schools review their programs and responsibilities; assess what is being done during the current fiscal year and what progress is being made; begin making plans for next year and future years and then prepare budget requests based on their program requirements and how they support the Goals and Mission of "educating all students for success in life." Input from prior year budget review teams recommendations, community members, students and staff members may result in change or elimination of existing programs or implementation of new ones. In spite of the fiscal gap of \$7.0 million, the focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. It may be determined that efficiencies can be achieved through better resource management or teaming with other agencies.

Federal, State or local mandates may necessitate the District to incorporate additional responsibilities and/or initiate new programs within the District. Various demographic and economic factors must be evaluated for their impact on the budget. Then, the total of all department budgets plus any new facilities or change in program requirements are compared to anticipated revenues.

Student enrollments, revenues, and expenditures are projected on a preliminary basis. The following sections on Student Enrollment Projections, General Fund Revenues and Expenditures, and Other Funds summarize the principal financial planning factors involved in preparing initial FY 2005-2006 projections. Major revenue and expenditure considerations and budget development criteria are also included.

STUDENT ENROLLMENT PROJECTIONS

Student Enrollment—The most significant factor in the budget development process is the number of students served. Enrollment projections are based on enrollment history, profile, and both demographic and economic considerations. The General Fund budget is developed using the FTE (full-time