

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3234

16

Fiscal Note

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: _____
 Publish Date: _____

Revision Date/Time (Note if correction) _____ Dept. Affected: Education & Early Development
 Title An Act relating to school funding, the base student RDU K-12 Support
allocation, district cost factors, and the adjustments for ... Component Foundation Program
 Sponsor _____
 Requirer _____ Component No. 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	106,972.7	53,434.5	54,549.4	13,031.3	12,207.4	
Miscellaneous						
TOTAL OPERATING	106,972.7	53,434.5	54,549.4	13,031.3	12,207.4	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	106,972.7	53,434.5	54,549.4	13,031.3	12,207.4	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	106,972.7	53,434.5	54,549.4	13,031.3	12,207.4	0.0

Estimate of any current year (FY2008) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2009 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would set the district cost factors in FY09 at 50% of the ISER increase over the original cost factors and implement the remaining 50% over the next 4 years; offers 9x the Base Student Allocation (BSA) for intensives plus it will increase it to 11x the BSA in FY10 and 13x the BSA in FY11; provide a hold harmless provision for those districts whose School Site adjusted ADM has decreased by more than 5% over the prior year; and increase the BSA by \$100 for FY09 to \$,480, FY10 to \$,580, & FY11 to \$,680.

The Legislature funded 50% of ISER in FY08 outside the formula for approximately \$0million and the School Improvement Grant for approximately \$0million. If the \$0million provided in FY08 is taken into consideration, then the actual increase in FY09 over FY08 is approximately \$6million.

The GF capitalizes on the Public Education Fund (PEF)

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division School Finance Date/Time 8/14/07 1200 AM
 Approved by: _____ Date 8/14/2007
 Agency Education & Early Development

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School Districts	50% ISER Implemented	BSA Increase by \$100 to \$5,480	Intensive Multiplier from x5 to x9	5% reduction In School Size Adjustment Hold Harmless	YEAR 1 FY2009 funding
LASKA GATEWAY	617,518	117,094	129,120		863,732
LEUTIAN REGION	78,404	26,202	-		104,606
LEUTIANS EAST BOROUGH	834,869	92,993	-		927,862
ANCHORAGE	0	6,949,643	14,633,600		21,583,243
ANNETTE ISLAND	489,902	68,645	86,080		644,627
ERING STRAIT	4,212,440	595,688	365,840		5,173,968
RISTOL BAY BOROUGH	196,738	49,100	64,560		310,398
CHATHAM	512,836	59,049	64,560		636,445
CHUGACH	98,694	36,067	-		134,761
COPPER RIVER	376,208	136,939	215,200		728,347
CORDOVA CITY	247,730	82,914	129,120		459,764
CRAIG CITY	309,354	106,867	215,200		631,421
DELTA/GREELY	495,029	202,066	172,160		869,255
DELTA BOROUGH	24,767	87,565	64,560		176,892
DILLINGHAM CITY	206,234	115,208	172,160		493,602
AIRBANKS NORTH STAR BOROUGH	1,655,169	2,280,888	5,638,240		9,574,297
SALENA CITY	48,564	328,988	21,520		399,072
MAINES BOROUGH	278,433	65,033	107,600		451,066
MOONAH CITY	259,656	37,925	86,080		383,661
MYDABURG CITY	167,061	19,991	21,520		208,572
NADAROD AREA	603,165	106,582	-		709,747
NEKANE BOROUGH	2,472,339	841,494	3,120,400		6,434,233
LAKE CITY	213,682	26,263	86,080	121,627	447,652
CASHUNAMIUT	364,985	92,071	86,080		543,136
KENAI PENINSULA BOROUGH	5,801,942	1,535,937	1,786,160		9,124,039
KEETCHIKAN GATEWAY BOROUGH	1,508,776	383,262	538,000		2,430,038
KALWOCK CITY	206,830	33,791	64,560		305,181
KODIAK ISLAND BOROUGH	1,977,742	475,148	538,000		2,990,890
KUSPUK	706,120	138,188	-		844,308
KALAMIA AND PENINSULA BOROUGH	1,090,155	166,392	43,040		1,299,587
KOYUKUK LOWER KUSKO'WIM	3,257,403	1,161,863	1,312,720		5,731,986
KOYUKUK LOWER YUKON	4,248,108	624,434	279,760		5,152,302
KATANUSKA-SUSITNA BOROUGH	3,202,095	2,267,036	2,690,000		8,159,131
KENAI CITY	71,767	84,920	64,560		221,247
KOYUKUK HOME CITY	412,471	164,477	86,080		663,028
KOYUKUK NORTH SLOPE BOROUGH	2,100,339	453,576	193,680		2,747,595
KOYUKUK NORTHWEST ARCTIC BOROUGH	2,545,617	596,770	387,360		3,529,747
KOYUKUK PELICAN CITY	24,120	6,577	-		30,697
KOYUKUK PETERSBURG CITY	622,914	116,063	236,720		975,697
KOYUKUK PRIBILOF	196,521	41,633	-		238,154
KOYUKUK SAINT MARY'S	241,256	49,466	21,520	122,004	434,246
KOYUKUK SITKA BOROUGH	1,091,017	261,811	774,720		2,127,548
KOYUKUK SKAGWAY CITY	15,325	21,518	21,520		58,363
KOYUKUK SOUTHEAST ISLAND	373,296	67,126	107,600		548,022
KOYUKUK SOUTHWEST REGION	953,257	214,968	129,120		1,297,345
KOYUKUK TANANA	76,192	15,976	-	75,274	167,442
KOYUKUK TINALASKA CITY	359,049	92,984	43,040		495,073
KOYUKUK WALDEZ CITY	235,805	140,200	236,720		612,725
KOYUKUK WRANGELL PUBLIC	259,548	65,830	21,520		346,898
KOYUKUK AKUTAT	209,957	26,128	-	104,089	340,174
KOYUKUK YUKON FLATS	716,859	116,706	107,600		941,165
KOYUKUK YUKON/KOYUKUK	698,782	226,821	129,120		1,054,723
KOYUKUK UPIIT	608,183	145,244	86,080		839,507
KOYUKUK Hill Edgemound	310,918	64,562	-		375,480
TOTAL	48,886,141	22,284,682	35,378,880	422,994	106,972,697

School Districts	1/4 increase of remaining 50% ISER	BSA increase by \$100 to \$5,580	Intensive Multiplier from x9 to x11	YEAR 2 FY2010 funding
ALASKA GATEWAY	157,296	121,156	65,760	344,212
ALEUTIAN REGION	20,390	26,573	-	46,963
ALEUTIANS EAST BOROUGH	212,641	96,862	-	309,503
ANCHORAGE	0	7,085,643	7,452,800	14,538,443
ANNETTE ISLAND	124,704	71,714	43,840	240,258
BERING STRAIT	1,068,094	618,522	186,320	1,871,936
BRISTOL BAY BOROUGH	50,014	50,610	32,880	133,504
CHATHAM	130,585	62,025	32,880	225,490
CHUGACH	24,896	36,520	-	61,416
COPPER RIVER	98,489	140,731	109,600	348,820
CORDOVA CITY	62,105	85,244	65,760	213,109
CRAIG CITY	80,406	110,330	109,600	300,336
DELTA/GREELY	126,022	205,959	87,680	419,661
DENALI BOROUGH	7,584	88,303	32,880	128,767
DILLINGHAM CITY	54,851	117,806	87,680	260,337
FAIRBANKS NORTH STAR BOROUGH	421,543	2,340,958	2,871,520	5,634,021
GALENA CITY	13,520	329,434	10,960	353,914
HAINES BOROUGH	70,899	67,323	54,800	193,022
HOONAH CITY	66,062	39,927	43,840	149,829
HYDABURG CITY	42,924	20,972	10,960	74,856
IDITAROD AREA	153,613	109,377	-	262,990
JUNEAU BOROUGH	647,539	882,276	1,589,200	3,119,015
KAKE CITY	54,136	28,048	43,840	126,024
KASHUNAMIUT	93,816	94,578	43,840	232,234
KENAI PENINSULA BOROUGH	1,477,379	1,579,418	909,680	3,966,477
KETCHIKAN GATEWAY BOROUGH	379,663	395,170	274,000	1,048,833
KLAWOCK CITY	53,036	35,356	32,880	121,272
KODIAK ISLAND BOROUGH	513,931	489,499	274,000	1,277,430
KUSPUK	182,192	141,503	-	323,695
LAKE AND PENINSULA BOROUGH	280,185	171,890	21,920	473,995
LOWER KUSKOKWIM	848,748	1,189,506	668,560	2,706,814
LOWER YUKON	1,081,779	646,717	142,480	1,870,976
MATANUSKA-SUSITNA BOROUGH	869,687	2,307,860	1,370,000	4,547,547
NENANA CITY	19,347	85,872	32,880	138,099
NOME CITY	108,161	167,245	43,840	319,246
NORTH SLOPE BOROUGH	534,870	465,108	98,640	1,098,618
NORTHWEST ARCTIC BOROUGH	643,417	612,077	197,280	1,452,774
PELICAN CITY	6,266	6,691	-	12,957
PETERSBURG CITY	161,198	121,196	120,560	402,954
PRIBILOF	49,960	42,542	-	92,502
SAINT MARY'S	61,005	50,776	10,960	122,741
SITKA BOROUGH	283,483	274,169	394,560	952,212
SKAGWAY CITY	3,902	21,789	10,960	36,651
SOUTHEAST ISLAND	95,081	69,856	54,800	219,737
SOUTHWEST REGION	244,627	220,619	65,760	531,006
TANANA	19,291	16,327	-	35,618
UNALASKA CITY	93,268	95,081	21,920	210,269
VALDEZ CITY	63,204	143,550	120,560	327,314
WRANGELL PUBLIC	66,062	67,232	10,960	144,254
YAKUTAT	53,752	27,106	-	80,858
YUKON FLATS	182,467	121,026	54,800	358,293
YUKON/KOYUKUK	179,004	231,278	65,760	476,042
YUPIIT	156,142	148,885	43,840	348,867
Mt. Edgecumbe	80,791	66,032	-	146,823
TOTAL	12,574,027	22,842,267	18,018,240	53,434,534

School Districts	1/4 increase of remaining 50% ISER	BSA Increase by \$100 to \$5,680	Intensive Multiplier from x11 to x13	YEAR 3 FY2011 funding
ALASKA GATEWAY	160,102	125,217	66,960	352,279
ALEUTIAN REGION	20,761	26,944	-	47,705
ALEUTIANS EAST BOROUGH	216,397	100,729	-	317,126
ANCHORAGE	0	7,221,643	7,588,800	14,810,443
ANNETTE ISLAND	127,029	74,784	44,640	246,453
BERING STRAIT	1,087,526	641,356	189,720	1,918,602
BRISTOL BAY BOROUGH	50,979	52,121	33,480	136,580
CHATHAM	132,961	65,001	33,480	231,442
CHUGACH	25,350	36,973	-	62,323
COPPER RIVER	100,336	144,524	111,600	356,460
CORDOVA CITY	63,347	87,576	66,960	217,833
CRAIG CITY	81,869	113,793	111,600	307,262
DELTA/GREELY	128,372	209,853	89,280	427,505
DENALI BOROUGH	7,724	89,041	33,480	130,245
DILLINGHAM CITY	55,736	120,402	89,280	265,418
FAIRBANKS NORTH STAR BOROUGH	429,102	2,401,026	2,923,920	5,754,048
GALENA CITY	13,767	329,880	11,160	354,807
HAINES BOROUGH	72,133	69,612	55,800	197,545
HOONAH CITY	67,376	41,931	44,640	153,947
HYDABURG CITY	43,703	21,953	11,160	76,816
IDITAROD AREA	156,409	112,172	-	268,581
JUNEAU BOROUGH	659,320	923,058	1,618,200	3,200,578
KAKE CITY	55,176	29,834	44,640	129,650
KASHUNAMIUT	95,412	97,083	44,640	237,135
KENAI PENINSULA BOROUGH	1,504,205	1,622,898	926,280	4,053,383
KETCHIKAN GATEWAY BOROUGH	386,628	407,079	279,000	1,072,707
KLAWOCK CITY	53,945	36,920	33,480	124,345
KODIAK ISLAND BOROUGH	523,226	503,849	279,000	1,306,075
KUSPUK	185,508	144,818	-	330,326
LAKE AND PENINSULA BOROUGH	285,229	177,387	22,320	484,936
LOWER KUSKOKWIM	864,134	1,217,148	680,760	2,762,042
LOWER YUKON	1,101,348	668,998	145,080	1,915,426
MATANUSKA-SUSITNA BOROUGH	885,510	2,348,684	1,395,000	4,629,194
NENANA CITY	19,753	86,825	33,480	140,058
NOME CITY	110,185	170,014	44,640	324,839
NORTH SLOPE BOROUGH	544,547	476,639	100,440	1,121,626
NORTHWEST ARCTIC BOROUGH	655,180	627,385	200,880	1,483,445
PELICAN CITY	6,379	6,805	-	13,184
PETERSBURG CITY	164,074	126,328	122,760	413,162
PRIBILOF	50,978	43,453	-	94,431
SAINT MARY'S	62,116	52,086	11,160	125,362
SITKA BOROUGH	288,586	286,526	401,760	976,872
SKAGWAY CITY	4,030	22,061	11,160	37,251
SOUTHEAST ISLAND	96,811	72,586	55,800	225,197
SOUTHWEST REGION	248,966	226,268	66,960	542,194
TANANA	19,641	16,678	-	36,319
UNALASKA CITY	95,020	97,179	22,320	214,519
VALDEZ CITY	64,354	146,900	122,760	334,014
WRANGELL PUBLIC	67,263	68,634	11,160	147,057
YAKUTAT	54,728	28,084	-	82,812
YUKON FLATS	185,899	125,348	55,800	367,047
YUKON/KOYUKUK	182,263	235,735	66,960	484,958
YUPIIT	158,870	152,524	44,640	356,034
Mt. Edgecumbe	82,261	67,502	-	149,763
TOTAL	12,802,524	23,399,847	18,347,040	54,549,411

YEAR 4 - FY2012
1/4 increase of
remaining 50% ISER

School Districts	
ALASKA GATEWAY	163,019
ALEUTIAN REGION	21,075
ALEUTIANS EAST BOROUGH	220,322
ANCHORAGE	0
ANNETTE ISLAND	129,300
BERING STRAIT	1,106,960
BRISTOL BAY BOROUGH	51,947
CHATHAM	135,337
CHUGACH	25,803
COPPER RIVER	102,073
CORDOVA CITY	64,365
CRAIG CITY	83,333
DELTA/GREELY	130,610
DENALI BOROUGH	7,860
DILLINGHAM CITY	56,789
FAIRBANKS NORTH STAR BOROUGH	436,826
GALENA CITY	13,955
HAINES BOROUGH	73,478
HOONAH CITY	68,465
HYDABURG CITY	44,486
IDITAROD AREA	159,203
JUNEAU BOROUGH	671,046
KAKE CITY	56,106
KASHUNAMIUT	97,174
KENAI PENINSULA BOROUGH	1,531,142
KETCHIKAN GATEWAY BOROUGH	393,480
KLAWOCK CITY	54,967
KODIAK ISLAND BOROUGH	532,633
KUSPUK	188,879
LAKE AND PENINSULA BOROUGH	290,324
LOWER KUSKOKWIM	879,634
LOWER YUKON	1,121,087
MATANUSKA-SUSITNA BOROUGH	901,392
NENANA CITY	19,993
NOME CITY	112,098
NORTH SLOPE BOROUGH	554,278
NORTHWEST ARCTIC BOROUGH	666,831
PELICAN CITY	6,493
PETERSBURG CITY	167,122
PRIBILOF	51,834
SAINT MARY'S	63,168
SITKA BOROUGH	293,799
SKAGWAY CITY	4,044
SOUTHEAST ISLAND	98,541
SOUTHWEST REGION	253,529
TANANA	19,936
UNALASKA CITY	96,661
VALDEZ CITY	65,504
WRANGELL PUBLIC	68,524
YAKUTAT	55,708
YUKON FLATS	189,107
YUKON/KOYUKUK	185,519
YUPIIT	161,766
Mt. Edgecumbe	83,732
TOTAL	13,031,257

**YEAR 5 -FY2013
 1A increase of
 remaining 50% ISER**

School Districts	
ALASKA GATEWAY	158,633
ALEUTIAN REGION	18,684
ALEUTIANS EAST BOROUGH	220,263
ANCHORAGE	0
ANNETTE ISLAND	126,109
BERING STRAIT	1,106,961
BRISTOL BAY BOROUGH	51,891
CHATHAM	135,336
CHUGACH	26,829
COPPER RIVER	90,794
CORDOVA CITY	68,238
CRAIG CITY	76,668
DELTA/GREELY	122,977
DENALI BOROUGH	0
DILLINGHAM CITY	47,334
FAIRBANKS NORTH STAR BOROUGH	327,577
GALENA CITY	7,006
HAINES BOROUGH	73,479
HOONAH CITY	68,524
HYDABURG CITY	42,038
IDITAROD AREA	159,089
JUNEAU BOROUGH	596,599
KAKE CITY	57,188
KASHUNAMIUT	93,814
KENAI PENINSULA BOROUGH	1,458,233
KETCHIKAN GATEWAY BOROUGH	412,219
KLAWOCK CITY	51,890
KODIAK ISLAND BOROUGH	489,970
KUSPUK	178,855
LAKE AND PENINSULA BOROUGH	279,788
LOWER KUSKOKWIM	799,661
LOWER YUKON	1,099,955
MATANUSKA-SUSITNA BOROUGH	676,002
NENANA CITY	15,607
NOME CITY	92,389
NORTH SLOPE BOROUGH	538,842
NORTHWEST ARCTIC BOROUGH	686,538
PELICAN CITY	5,696
PETERSBURG CITY	156,298
PRIBILOF	51,891
SAINT MARY'S	63,226
SITKA BOROUGH	258,599
SKAGWAY CITY	3,076
SOUTHEAST ISLAND	95,692
SOUTHWEST REGION	245,782
TANANA	20,506
UNALASKA CITY	88,971
VALDEZ CITY	45,853
WRANGELL PUBLIC	65,048
YAKUTAT	54,453
YUKON FLATS	189,221
YUKON/KOYUKUK	176,689
YUPIIT	156,755
Mt. Edgecumbe	73,706
TOTAL	12,207,442

Individual Member Editorial Comments

These comments reflect the individual views and opinions of their authors. They are included in this report exactly as submitted by the individual members. These comments do not necessarily reflect the consensus of the Joint Legislative Education Funding Task Force which is contained in the body of this report.

ALASKA STATE LEGISLATURE

SESSION

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SENATOR K. STEDMAN

August 28, 2007

Representative Mike Hawker, Chair
Joint Legislative Education Funding Task Force
716 W. 4th Avenue
Anchorage, AK 99501

Representative Hawker:

The Joint Legislative Education Funding Task Force has provided the Legislature with concrete recommendations that I believe will greatly improve the way our state funds K-12 education. I would like to commend you for the excellent job you've done spearheading this effort. While we all agree that educating Alaskans is one of our highest priorities, we share a variety of opinions on how best to accomplish that goal. Your leadership helped us to identify areas of common agreement and to move us quickly towards consensus.

I support the task force report and endorse the recommendations contained within. At your invitation however, I would like to include brief comments in two areas where my opinion differs slightly from that of the task force: **District Cost Factors** and **Required Local Contribution**.

District Cost Factors

I would prefer to see a more aggressive implementation of the final 50% of the ISER district cost factors (DCF). While members agreed to implement 50% of ISER in FY 2009, the final task force recommendation is to phase in the final 50% over the 4 subsequent fiscal years. Four years is simply too long and I would like to see 100% implementation as quickly as possible. Several members had concern over the conclusions reached in the 2005 ISER study and consequently, the task force has recommended a commission be established to reexamine district cost factors in greater detail. However, in order for the commission to properly evaluate whether changes to the district cost factors are having the desired affect, a full implementation of the ISER study is necessary. Phasing in over four years dilutes the true impact DCF changes have on total funding provided to each district and make year-to-year performance comparisons difficult. Only after the last 50% is factored into the formula, will we be able to test the validity of the methodology and realistically evaluate the results.

DISTRICT A

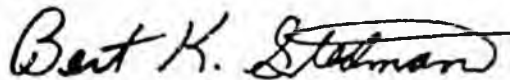
Ketchikan • Sitka • Petersburg • Wrangell
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thome Bay • Coffman Cove • Hollis

Require Local Contribution

After extensive discussion, the task force made no recommendations regarding the required local effort provision in the current funding formula. I was hoping the task force would take action to remedy the inequity of the current system. I feel very strongly that within organized communities, the required minimum local effort should be applied uniformly. It's simply unfair for the state to subsidize property owners in the fastest growing economies in the state, so that they pay a lower mill-rate than property owners in less fortunate areas of Alaska. Several possible remedies were discussed, but clearly, the 50% cap on growth since 1999 needs to be removed in favor of a more equitable approach.

I look forward to working with you in the coming year to implement the task force's recommendations and to continue improving the way we fund K-12 education in Alaska.

Best Regards,



Bert K Stedman

ALASKA STATE LEGISLATURE

Senate Labor and Commerce
Committee, Chair

Legislative Budget and Audit
Committee

Senate Rules Committee

Committee on Committees



While in Session
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SENATOR JOHNNY ELLIS

August 22, 2007

Education Task Force Comments

The work done by the Joint Legislative Education Task Force is an example of the good that can be done for the state of Alaska when we work together to tackle the big issues of the day. I believe the task force is sending a clear message to students, parents, and teachers, that education is one of our highest priorities.

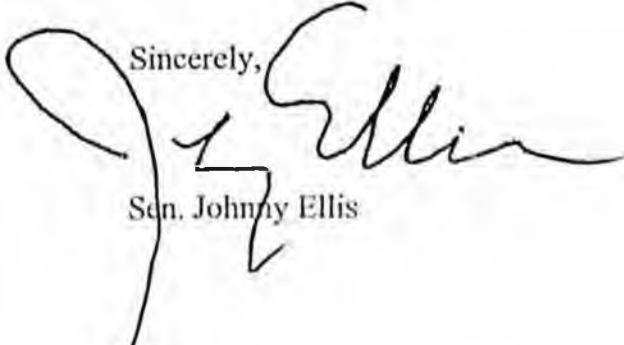
There are a few issues that we examined this summer that the task force recommends be revisited in the future. One such issue, vocational education, is especially important to me. My hope is that it is addressed in a comprehensive manner by a future education task force, or by future committees on education.

It is a common refrain that college is not for everyone, but as a state we can do a better job of preparing all our students for life after high school. Comprehensive vocational education programs will help students, who may otherwise lose interest in school, learn a trade or job skills that will allow them to play a large role in our state's economy. As we look forward to the construction of the gasline, having a talented homegrown workforce must be one of our highest priorities.

I believe we can show our commitment to vocational education programs by removing it from the 20% funding in the state formula for special education. A separate funding mechanism for vocational education would help the state of Alaska develop its own trained workforce, while also ensuring that students have good options as they work their way through high school.

A separate fund for vocational education is good both for our youth, and for the growth of our state's economy. It is an important issue that I hope the Legislature addresses in the very near future. Our economic prosperity depends on it.

Sincerely,


Sen. Johnny Ellis

ALASKA STATE LEGISLATURE

Senate Labor and Commerce
Committee, Chair

Legislative Budget and Audit
Committee

Senate Rules Committee

Committee on Committees



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SENATOR JOHNNY ELLIS

August 22, 2007

Education Task Force Comments

Over the past few years there has been a large body of research into the effect of the first years of a child's life on their long-term development and educational attainment. This research is nearly unequivocal in its findings that early education programs have positive effects on children. These effects include marked improvements in math and vocabulary scores in comparison to children who are not in such programs. For these reasons, most states are initiating voluntary pre-kindergarten programs, a model I believe the state of Alaska would be well served to replicate.

A voluntary pre-K program would benefit children at every stage of their development. In the short-term, children in pre-K programs show gains in cognitive development; in the mid-term, there are education gains and decreased referrals to special education programs; and in the long-term, there is a rise in graduation rates and lower dependence on welfare programs.

In addition to the benefit to children and families from a voluntary pre-K program, the citizens and taxpayers of Alaska would benefit as well. A study by the RAND Corporation of pre-K programs around the country showed that youth who participated in a pre-K program spent less time on welfare and were less likely to pass through the criminal justice system than those who did not. The savings to the state would be in the millions of dollars.

It is my desire that a future education task force, or committees on education, make the implementation of a voluntary pre-K program one of its highest priorities. Alaska would be well-served by a voluntary program that would place children in a stimulating learning environment during the time when their cognitive development is most acute.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnny Ellis".

Sen. Johnny Ellis

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Representative Mike Kelly *House District 7*

Joint Legislative Education Task Force

Dissenting Member Opinion – Rep. Mike Kelly – 8/17/07

Unfortunately I cannot support the recommendations of the task force relating to our primary assignments: **District Cost Factors & Intensive Needs Funding.**

District Cost Factors

In my opinion, testimony from the Education Department and some of the School Districts, combined with a presentation concerning the Moore vs. State lawsuit, sheds more favorable light on the State's ongoing attempts to ensure reasonable adequacy and equity in education funding than some non-urban legislators would have us believe. Add ISER's inconsistent conclusions that surfaced during questioning by task force members and it is clear to me that implementation of more than 50% of the flawed ISER study is not supportable. Especially since the price tag is \$100 million compounding annually and Alaska is entering a decade of deficits with oil production declining. Keep in mind we are already paying over 3 times the average cost per student in Anchorage for a student in some of the smaller schools. The ISER increase would be added to a K-12 budget that has ballooned over 35% in the past 5 years, without even considering the multi-billion dollar PERS/TRS unfunded liability mortgage payments.

I could reluctantly support statutory implementation of 50% of the ISER study for District Cost Factors with the understanding that 50% would be the final percentage implemented by the Legislature. Some rural lawmakers have said they have some of the same concerns over the ISER study that I have and would be satisfied with 50%. I was hopeful when the task force tentatively landed on implementing 50% of ISER (with a blue ribbon committee appointed to study the matter further), but the deal changed overnight to a phased-in implementation of 100% of ISER. The blue ribbon committee proposal was retained to study the issue even though the task force had decided to recommend 100% implementation. Might make sense if you're from Bethel. None if Anchorage is home. I was told I should be satisfied because urban districts retained the current "local contribution formula." I'm not. Districts that make a local contribution to education are funding over 95% of the cost increases in education, while many of the

others pay nothing. In a time of scarcer resources, implementing 100% of ISER will simply amount to another transfer payment away from local districts that tax their residents to support education at a time when they can demonstrate significant needs and are underperforming in important accountability areas. If we are going to create a blue ribbon committee we should look at a lot more than District Cost Factors.

Intensive Needs Funding

Funding for intensive needs students is currently 500% of average student funding. The task force recommended a phased-in increase to 1300%. I can't support more than a 200% increase to 700%. There are significant problems with the way intensive needs students are being assimilated into our schools (including reports of classroom disruption, less learning-time-on-task for other students, lower teacher morale, questions about the appropriateness of the classroom venue for some levels of need, questions about the appropriateness of our schools assuming parental and family roles/responsibilities/costs, etc.). Throwing money at these problems must be accompanied by creative solutions. Some folks would add even more responsibility for intensive needs students onto the teachers in our schools. As much as our hearts go out to the parents and families involved, we cannot sustain the cost growth. The wisdom of some elements of the current system (much of which is unfortunately federally mandated) is questionable.

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REPRESENTATIVE Paul Seaton

District 35

August 14, 2007

Education Task Force Comments

I am proud of the work this task force has done and the compromises members have made in order to forward recommendations that will help give all of Alaska's children the opportunity for a quality education. However, I would like to comment on two items in particular and hope that my concerns can be included in some manner in the final report.

- 1. Intensive Needs:** I would like to see the phase-in of intensive needs reflect the same time frame that we recommend for phasing in the 50% of the ISER cost differential. This could be 9x BSA in 2009 and increase by 1x until a multiplier of 13 is reached in 2013, the same year as the last 1/4th of the cost differential. My rationale for mirroring the cost differential phase-in schedule is so that for the next four years all districts will see an increase in their funding and have reason to support the proposal. Another method would be to shorten the phase-in of ISER to 1/3 in 2009, 1/3 in 2010 and the final 1/3 in 2011 so it is parallel to the proposed phase-in for intensive needs.
- 2. Required Local Effort:** I propose that the department calculate the required local effort for each district and then apply the lowest calculated mil rate to all districts. This will address the problem of potentially failing a federal disparity test in only three years under the current system. It would also alleviate the concern some districts have that establishing a new floor for the tax mil rate could result in the future loss of a subsidy. An additional benefit to this approach is that as we reach the point in the future when we may need to address the amount of the subsidy, all districts will be coming to the table in an equal position. I have requested the department calculate a schedule reflecting the potential future cost to the State based on this scenario.

I am looking forward to an Education committee in the House that can address these issues and more in all the detail they deserve.

GARY WILKEN
SENATOR
Fairbanks



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By Gary Wilken
August 30, 2007

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A Dissenting Opinion
An Open Letter of Concern
August 30, 2007

During the entire first legislative session of the Twenty-fifth Alaska State Legislature, and certainly in the waning days, many private, closed-door discussions were held between a select few legislators to set the FY08 funding level for K-12 public education. Most all legislators and the general public were entirely excluded from the backroom process. A loud, public cry for caution and a strong appeal to restore the well-known transparent and public legislative process was finally heeded on the last day of session: Senate Concurrent Resolution 11 (SCR 11) passed on adjournment night, only one day after introduction. This resolution established an 11-member task force to examine, in a public and open forum, the current K-12 public education funding formula.

The Joint Legislative Education Funding Task Force held eight public and televised round-table meetings to discuss and examine Alaska's multi-faceted education funding formula. Interested educators, community officials, parents, and members of the general public attended the meetings in person or listened over the Internet. The public process was restored.

While I concur with and support many of the recommendations put forth by the Task Force, I strongly disagree with the suggestion that the *Alaska School District Cost Study Update* prepared by Mr. Bradford H. Tuck, Institute of Social and Economic Research (ISER), is valid and legitimate. Too many concerns have been raised and too many questions remain unanswered. Adoption of the total ISER proposal is a travesty and a sham. The State will be spending hundreds of millions of dollars based on faulty research, coupled with political power. The ISER report has provided a vehicle for a "money grab" and many held their noses, looked the other way, and jumped on board.

I strongly oppose implementing the conclusions outlined in the January 31, 2005, ISER report for the following four following reasons:

1. *Arbitrary Deadline* – Unfortunately, at its first meeting, the Task Force focused on an arbitrary deadline of September 1, 2007, established in SCR 11, and structured all its efforts to meet this target. In an effort to reach this unrealistic goal, the Task Force dismissed all long-term options, regardless of their merit. In the end, the randomly selected deadline of September 1, 2007 limited the ultimate success of the Task Force. (Please see the attached columns by Mr. Dermot Cole, *Fairbanks Daily News-Miner*, page 50.)

With the September 1, 2007 deadline looming, the Task Force was compelled to ignore cautionary advice and counsel offered to legislators time and time again by the Department of Education and Early Development: *If statutory changes are contemplated, review the whole K-12 public education funding formula in total and not the individual components of the formula. All components of the formula are inter-related and need to be studied together.* By isolating the District Cost Factor and recommending a substantial adjustment to this multiplier which results in a 67% increase for some school districts, the Task Force places the validity and fairness of the whole formula in doubt.

2. *Questionable Report* – The Task Force acknowledged that certain aspects of the ISER differential calculation raised questions and recognized that legitimate concerns exist with the ISER study. And yet, because of the pressure of an artificial deadline, a recommendation to implement the full ISER differentials in statute over a four year time period gained enough Task Force support to be included in its final report.

I cannot accept this recommendation in good conscience. I implore the Governor and full Legislature to step back and take the time necessary to thoroughly review the *Alaska School District Cost Study Update* and question the basic assumption that led to a substantial upward adjustment of the cost factor – a hypothesis by ISER that an *increase in pay will help attract and retain qualified teachers in rural school districts.*

Will an increase in salaries actually attract teachers and administrators to remote locations? A previous ISER report, completed in December 2002, entitled,

Retaining Quality Teachers for Alaska, concluded otherwise. Teacher compensation was not even in the top seven reasons why rural teachers changed districts. "Better Salaries" was tied for last place on why the surveyed teachers left their position. (Please see the attached excerpt from *Retaining Quality Teachers for Alaska, Executive Summary*, page 56.) For ISER to base its proposed district cost factor on this conflicted and disputed assumption swings the door wide open for future doubt and skepticism.

In addition, a review of the methodology used by ISER to calculate its teacher compensation component of the district cost factor raises further concerns. This research arm of the university called all school districts and asked a series of subjective questions about hard to fill positions. At the conclusion of the survey, ISER writes, "The results should be interpreted with caution; answers to our questions highlighted some of the areas of concerns." (page 41, *Alaska School District Cost Study Update*)

The pressure of time with a September 2007 deadline threatening, and the dictate to evaluate proposals that are "based on available facts and conclusions pertaining to school district cost factors" (page 2, SCR 11), greatly limited the effectiveness of the Task Force. Governor Palin and the Alaska State Legislature are not constrained by these artificial restraints, nor should they be.

3. *No Accountability* – Regrettably, the Task Force elected not to require local school districts to account for the use of the generous influx of dollars as the result of the full implementation of the proposed ISER district cost factors. As mentioned countless times during the Task Force meetings, the upward adjustment of the proposed district cost factor was the result of the teacher compensation component as calculated by ISER. Using one component out of 11 different components to determine the district cost factor will result in twenty-nine school districts receiving more than \$2,000 per student and 12 districts receiving more than \$4,000 per student.

These additional dollars were calculated on a specific premise and local school districts should be held accountable for the expenditure of those funds. The added money is intended to increase salaries to attract and retain qualified educators. Accurate accounting for these dollars seems a reasonable and

prudent request. (Please see the attached proposal on *District Cost Factor – Teacher Compensation Component*, page 58.)

4. *Legislative Commission* – There is a general consensus among all stakeholders that the current factors used to compensate for regional cost differences need to be reviewed, but there is substantial disagreement among legislators on how to measure the *relative* cost differences between school districts. Since the adoption of the district cost factors developed by The McDowell Group in 1998, the legislature has conducted two studies to update the cost factors, with surprisingly disparate recommendations.

The Task Force chose to recommend the formation of a commission or task force composed mostly of legislators to develop a durable and dynamic economic model that can be used to update the district cost factors on a regular and recurring basis. I strongly support the development of a dynamic model that can stand the test of time, but sadly, I do not agree that the commission or task force should be a legislative body. (Please see the attached proposal on the *Governor's Select Panel on Alaska School's District Cost Factors*, page 60.)

Governor Palin (or Lt. Governor Parnell), a public official elected to represent the views of the whole state, is in the position to lead a new group of talented and dedicated Alaskans who desire to offer their expertise to help develop a long-lasting district cost factor model that can be regularly updated. A statewide perspective is needed in this endeavor and, unfortunately, it is difficult for legislators to separate themselves from their parochial view regarding the level of funding their local school district should receive from the state, and concentrate solely on a statewide view. Consequently, the governor is the appropriate person to lead this select group of individuals to success.

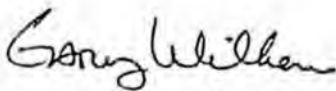
In summary, the *Moore vs. State of Alaska* decision of June 21, 2007 by Superior Court Judge Sharon Gleason determined that the funding for Alaska's K-12 public education was adequate and that "the current formula was carefully considered and represents a rational approach to educational funding." (page 182, paragraph 26)

The legislature and the people of Alaska can take great comfort in this strong validation of Alaska's current funding formula. The court's decision completely

repudiated the suggestion that the State is shirking its constitutional duty to provide a K-12 education to its young citizens. The State is doing it right and we should be proud of our efforts.

There is not an urgent need to radically alter the formula by changing an individual piece without considering its impact on the whole formula. (Please see the attached paper, *District Cost Factors – not a silver bullet*, page 64.) If we, as the Alaska State Legislature, need to adjust our education funding formula, let us do so with a collaborative, well funded, well staffed effort. To do less may serve the Legislature today, but will fail Alaskans tomorrow.

Thank you for your careful and thoughtful consideration and courage.



Gary Wilken,
State Senator
Fairbanks/Ft. Wainwright.

June 2, 2007

State task force lacks time to compile long-term education plan

By Dermot Cole

EDUCATION: The legislative task force on education, which has yet to meet, can't possibly come up with a sensible long-term plan for education funding in Alaska by Sept. 1.

So it shouldn't even try. Instead, the group ought to focus its energies on defining the policy questions raised by previous cost studies. Then the state should find consultants to report back next year with solid research that can be acted upon.

This is more or less what Fairbanks Sen. Gary Wilken told me he plans to propose. Wilken and Rep. Mike Kelly are the two local legislators named to the task force.

It seems the leaders of the Legislature who proposed this task force at the end of the session wanted a group to cobble together a plan that can win enough votes for passage in the Legislature and call it good.

That's not the same as creating a defensible long-term plan for education spending.

Allocating money to the billion-dollar business of education in Alaska is always a political calculation, but it ought to be based on economic research and policy decisions reached through a public process.

Instead of directing 10 lawmakers and one other Alaskan to wrap this up at a time of year when people are more worried about fishing than education funding, the Legislature should have hired economists months ago for more analysis of the relative costs of running schools in Alaska's communities.

I'm afraid that if the task force does not follow Wilken's approach, the "long term" solution it produces will have more to do with who controls the Legislature than with the cost of living.

The task force should abandon the tactic of legislative leaders who are portraying education, the state retirement debt and revenue sharing as a "three-legged stool," pretending that these items are inextricably bound together in a meaningful way.

Claiming these elements should be a package is a political strategy in which one program can be played against another to win support for ideas that might otherwise fail. The combination makes it impossible to judge individual items on their merits.

The resolution creating the task force singles out a 2005 report by the Institute of Social and Economic Research that said "school district cost factors" should be "increased to more accurately reflect the cost differentials in rural school districts."

In some ways that report raises more questions than it answers.

I would guess that few legislators — if any — have digested this report. Many lawmakers from outside of Anchorage have probably looked at the final numbers and based their degree of support for the study

on how much more money their schools would get. Some may have read the four-page summary by ISER, which is much clearer than the report.

This year the Legislature said it would approve 50 percent of the ISER district cost factor increases. Other lawmakers are pushing for the full amount.

One worthy goal within the reach of the education task force this summer is to conduct a thorough review of the radical change ISER suggests in the way salaries are set for teachers and administrators who are not in Anchorage. The ISER theory on compensation seems to have no parallel in any other line of work in Alaska.

I'll have more on this Sunday.

Derrot Cole can be reached at cole@newsminer.com or 459-7530.

June 3, 2007

School cost study proposes radical change in wage policy

By Dermot Cole

EDUCATED GUESS: It costs more to run schools in rural Alaska than it does in Anchorage.

No one disputes this, which is why there are "district cost factors" built into state law to allow for higher costs.

More than 60 percent of the money to run a school system goes to hire teachers and administrators, so an accurate measure of the cost of living in each district is essential.

But when it comes to determining how much teachers and administrators should be paid in areas outside of Anchorage, the Institute of Social and Economic Research contends that it's not enough to raise rural wages to compensate for the higher cost of living.

The state should provide bonus pay so that village jobs will become as attractive as those in Anchorage, ISER contends.

The extra pay should be enough so that the best applicants will compete for jobs in all areas of the state, the university agency recommended.

Once hired, the level of compensation should be sufficient to keep people in village jobs long enough so that the turnover rate is as low as Anchorage.

This proposal to restructure educational salaries is buried in a 2005 ISER report that many legislators are relying on as a guidepost to justify raising education funding for communities outside Anchorage.

This year the Legislature provided 50 percent of the money recommended by ISER for cost differentials.

Implementing the other 50 percent of the ISER increases is the main motivation behind the formation of a legislative task force on education that is supposed to come up with a plan for school spending by Sept. 1.

Before adopting the ISER report, however, legislators should read it.

As I said here Saturday, my guess is that few legislators — if any — have studied the document because it is not exactly a page-turner. Lawmakers have probably read the four-page ISER summary of the report, which suggests that teachers in some remote districts should earn two-thirds more than those in Anchorage.

The ISER summary said, "to have similar educational opportunities across Alaska, all districts need to get and keep personnel with similar qualifications."

Alaska's news media and most politicians have not asked whether this proposed radical change in state policy on educational pay is a good idea or whether it would work.

The 2005 ISER report neglected to include the results of a separate 2002 ISER survey that said teacher pay was not a significant reason for high turnover in village teaching jobs.

Teachers were more likely to leave because of family reasons, dissatisfaction with the administration, lack of community support, lack of school board support or poor housing than because of salaries.

To conclude the compensation alone is enough to change hiring and employment patterns in Alaska's educational system is an untested theory.

Also missing from the ISER report is any recognition that its pay plan would certainly lead the teachers' unions in Anchorage and other communities to immediately push for higher wages, arguing equal pay for equal work. It would also encourage teachers to spend the last few school years of their careers in high-wage districts and push up costs for the state.

The implication in the ISER report is that rural districts do not attract or retain the most qualified applicants because the pay is too low, though the sensitive topic of teacher quality is not addressed in the most direct manner.

"When you look at the price that is paid to a teacher or administrator, that doesn't necessarily reflect the market equilibrium price," Bradford Tuck, one of the report's authors, testified to a legislative committee in 2005 about the report.

"If you have several teachers applying for each available position, it's a different situation than if you simply have one or two applicants for a position," he said.

If there is a longer "queue" of applicants for jobs in Anchorage than a village, then it may be that those looking for the village job are not the most qualified, ISER said.

"The existence of that queue, at least in some instances, implies that there may be quality differences in the pool of candidates available to different school districts," Tuck said.

ISER said that "districts possessing a combination of financial resources and community quality of life" can pay more, while "districts with less money and poor perceived community quality of life may have difficulty filling positions and may have to accept staff of lesser quality."

As part of its calculations, ISER made assumptions about community characteristics so that it could produce a formula to "to estimate the relative attractiveness of different communities."

Some of the assumptions are debatable. What is too cold, too rainy, too remote or too far from Anchorage for some people may be just right for others.

The unexamined ISER pay plan is clear proof that the legislative task force on education is in no position to adopt a new formula on school funding until more research takes place.

The thrust of the ISER report is that people who don't want to live in remote areas will do so if the pay is high enough.

Perhaps we should encourage people who enjoy life in remote communities to become teachers.

July 14, 2007

University report suggests teacher pay hikes everywhere but Anchorage

By Dermot Cole

SCHOOL DAZE: A legislative committee charged with overhauling education funding appears likely to accept the flawed study that suggests raises for teachers who live almost everywhere except Anchorage.

Here are three reasons why that's a bad idea.

First, the committee is operating under an unreasonable schedule in which it is supposed to have a cure-all for education by Sept. 1.

The political imperative driving the group is to accept the study because it provides political cover for a \$100 million increase in education funding for the portion of Alaska that is not Anchorage. About half of that money has already been approved by lawmakers and added to the budget.

It remains to be seen how much extra money it will take to appease lawmakers from the state's largest city as part of this deal.

The task of creating a durable funding formula requires a couple of years of work, not a couple of more meetings and a political settlement.

Second, the proposal by the University of Alaska's Institute of Social and Economic Research to raise teacher pay everywhere but Anchorage is politically naive and based on questionable assumptions.

Third, the ISER report doesn't deal with the multitude of social and economic problems that hamper rural education in Alaska, such as unemployment and community support.

The University of Alaska would better serve the state with research that recognizes something in addition to money is necessary to solve the complex challenge of improving education in Alaska.

The 2005 ISER report proposing new district cost factors claims that the way to make sure that the teachers in remote villages are as competent and as likely to stay for the long term as those in Anchorage is to pay them more.

ISER researchers say salaries should be set so that the best teachers would not care whether they live in the Aleutians or Anchorage.

ISER says teachers should get bonus pay, beyond the cost of living, to make up for the lack of amenities in villages, the weather, the distance from Anchorage, the unemployment rate, the cost of flying to Anchorage, the availability of alcohol and other factors.

"Teachers and administrators prefer jobs that pay more and are located in communities that offer a better quality of life," ISER said. "We assume that it is possible to observe a tradeoff of pay for certain desirable community characteristics."

That's a big assumption.

The bonus pay in exchange for what ISER claims is a lower quality of life would be anywhere from 5 percent to 67 percent above Anchorage. The median bonus would be 39 percent, according to ISER.

I interpret this as saying it should be state policy to hire teachers in rural areas who don't want to live there and don't like living there, but will do so if the money is right.

ISER assumes that money alone will solve the teacher recruitment problem for rural Alaska. I don't buy it.

Salaries are important, but teachers and other people consider other things when they decide where to live and work. Many of those factors can not be reduced to dollars and cents.

Quality of life is a subjective matter and a fuzzy notion of this sort has no place in a mathematical formula used to determine how much is spent on education. The best teachers for rural Alaska would be those who do not consider it a hardship to be far removed from Anchorage.

As a practical matter, the ISER strategy on teacher pay won't work. The extra money supplied by the state would not necessarily go to salaries, which are negotiated in union agreements in each of the districts. The districts might want to use the money to hire more teachers or buy more supplies.

If by some chance salary increases were negotiated, the leadership of the teacher unions in Anchorage, Fairbanks and other towns would face demands from their members for equal pay for equal work.

That would eliminate the differential that is supposed to make all communities in Alaska equally attractive to the best teachers now in Anchorage.

If the biggest increases were limited to rural areas, as ISER proposes, then more teachers working under the old retirement system would be tempted to teach in the Bush for three years to raise their retirement pay. That would increase retirement costs to the state and do nothing to slow turnover.

Most of the legislators on the joint committee that held two days of hearings this week appear ready to endorse the ISER study, the complete adoption of which will add about \$50 million more to the budget. If that is approved, Anchorage legislators would naturally want to add more for their community, in part to raise salaries.

This is not a rational way to create a formula for education funding.

The two Fairbanks legislators on the committee, Sen. Gary Wilken and Rep. Mike Kelly, are clearly in the minority on this panel. But they are asking the right questions about the ISER report and pointing out its flaws.

A new study is needed before the foundation formula is revised.

Dermot Cole can be reached at cole@newsminer.com or 459-7530.

Why Teachers Leave Jobs: Personal and Professional Reasons

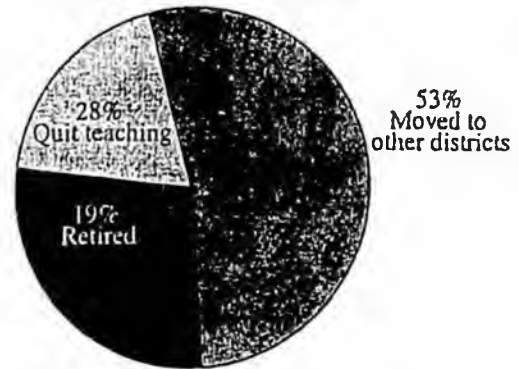
Having looked at how many teachers leave their jobs, we then looked at why they leave. We surveyed a sample of 239 teachers who left their jobs in Alaska schools at the end of the 2000-2001 school year. We had a 51 percent response rate from the urban surveys and a 59 percent response rate from the rural surveys. Figures 3 through 7 summarize what we they told us.

- More than half the teachers who left their jobs after the 2000-2001 school year moved to new districts—either in Alaska or elsewhere—while about 28 percent quit teaching and the remaining 19 percent retired (Figure 3).

- Rural teachers were more likely to leave their jobs to teach elsewhere, while urban teachers were more likely to retire. Roughly equal shares of urban and rural teachers also said they left their jobs to work outside education or to care for family members (Figure 4).

- Most teachers who retired said they did so because they became eligible for pensions. But more than half also said they were unhappy with some aspect of their jobs (Figure 5). Our sample of retiring teachers was so small that we didn't look separately at responses of urban and rural teachers.

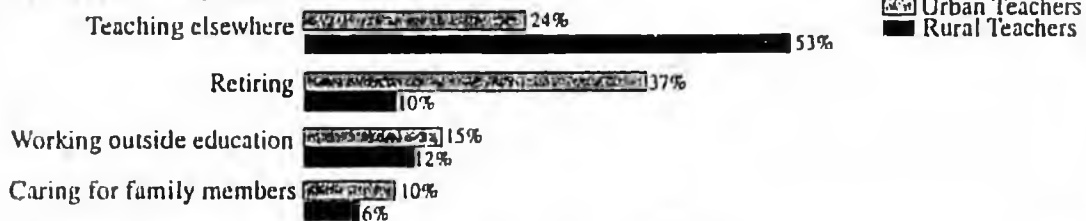
Figure 3. Composition of Alaska Teacher Turnover (Urban and Rural Teachers)



Source: ISER survey of exiting Alaska teachers, 2001-02

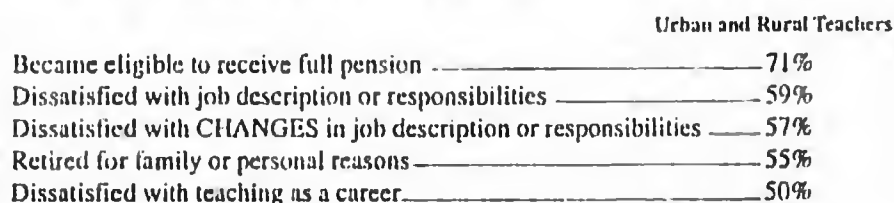
Figure 4. Top Reasons Why Alaska Teachers Left Jobs, 2000-01 (Includes all Teachers Who Moved to Other Districts, Retired, or Quit Teaching)

Percentages of Teachers Citing Reason



Source: ISER survey of exiting teachers, 2001-02 N=112

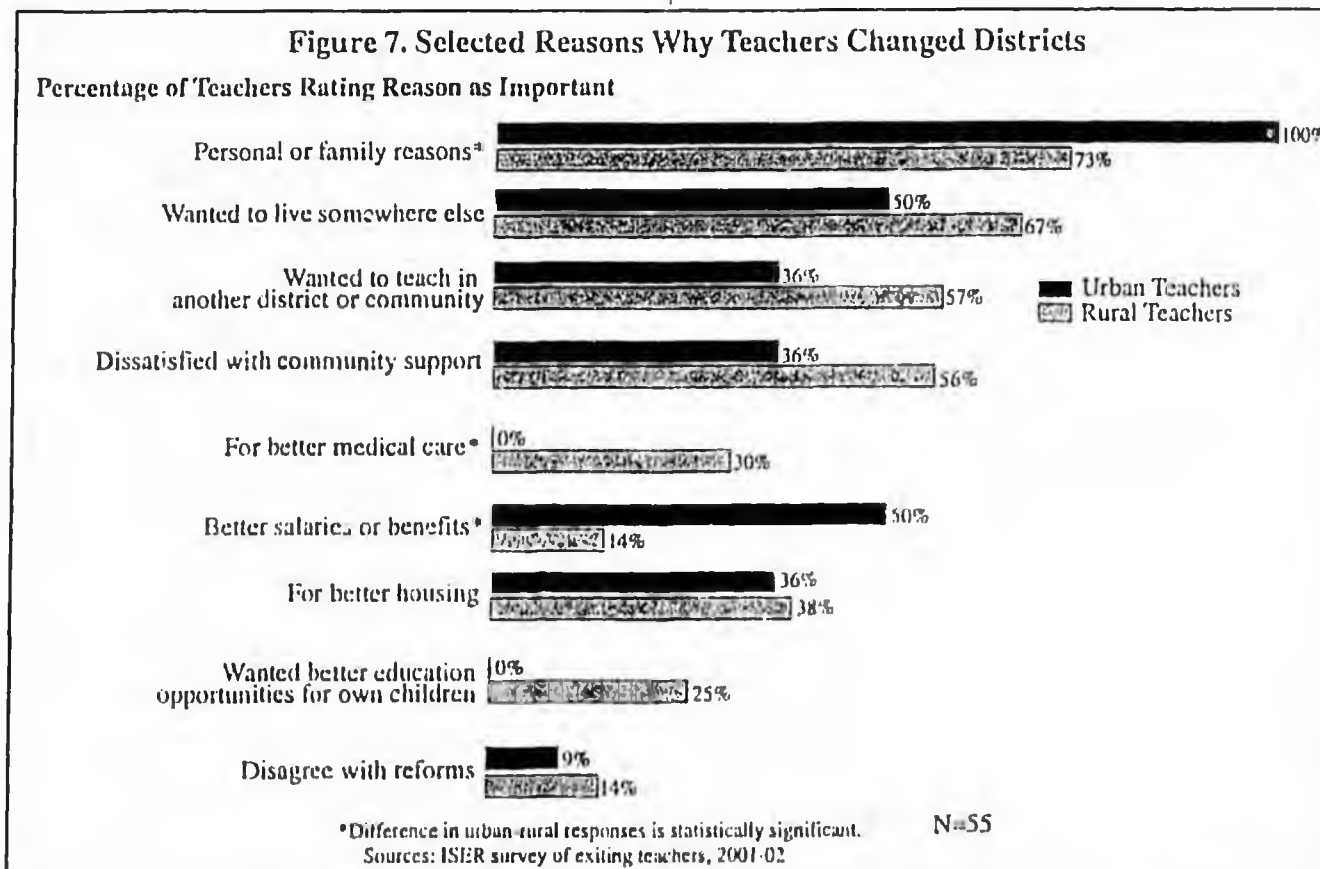
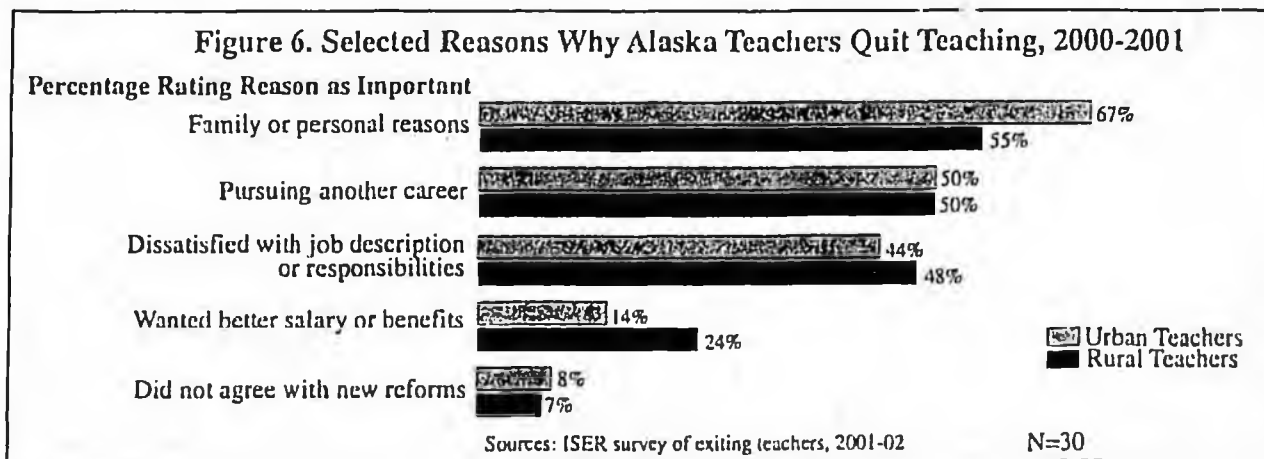
Figure 5. Selected Reasons Alaska Teachers Retired, 2000-01 (Percentages of Retiring Teachers Citing Reason As Very Important or Important)



Source: ISER survey of exiting teachers, 2001-02 N=21

- More than half those who quit teaching—including both urban and rural teachers—cited family and personal reasons or pursuing another career (Figure 6). Nearly half were also dissatisfied with their jobs. But less than one-quarter were unhappy with their pay or benefits.

- Urban and rural teachers changed districts for significantly different reasons (Figure 7). All urban teachers cited family or personal reasons, while only about three-quarters of rural teachers did. A third of rural movers were looking for better medical care, while virtually no urban movers were. And half of urban movers wanted better pay or benefits, while only about 15 percent of rural movers did.



Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 16, 2007

District Cost Factor – Teacher Compensation Component

Issue Summary: The teacher compensation component of the *Alaska School District Cost Study Update*, prepared by the Institute of Social and Economic Research (ISER), January 31, 2005 reflects “how much each school district would need to pay to recruit and keep teachers and administrators with equivalent qualifications.” (ISER Research Summary, March 2005) In other words, the teacher component of the proposed district cost factor is to provide sufficient funds so that districts could increase teacher salaries, if needed to attract and retain quality teachers.

ISER has acknowledged that the upward adjustment of the proposed district cost factor is based largely on the teacher cost component.

Recommendation: The Joint Legislative Education Funding Task Force recognizes that the district cost factor proposed by ISER includes a teacher compensation component that provides school districts with additional dollars to increase teacher salaries to help attract and retain highly qualified teachers.

The Task Force proposes a statutory change that requires the Department of Education and Early Development to account separately, by each individual school district, the dollars generated as a result of the “teacher compensation component” of the district cost factor as identified by Ms. Lexi Hill, Institute of Social and Economic Research. The statutory change would further state that the funds in this separate account shall only be awarded as grants to the corresponding school district for the purpose of attracting and retaining qualified school teachers and administrators.

Discussion: At the request of the Task Force, Ms. Lexi Hill re-calculated the district cost factor proposed by ISER without the teacher compensation component. The difference between the original proposed district cost factor and the re-calculated factor highlights the dramatic impact the teacher compensation component has on ISER’s district cost factor. The effect of the salary component

on each cost factor varies remarkably among the 53 school districts. This component comprises between 29 percent to 84 percent of ISER's district cost factors.

The teacher compensation component is one of eleven components of the cost factor and is intended to provide the necessary funds to attract and retain highly qualified teachers. The dollars generated by this component should be spent only for its intended purpose. By requiring the Department of Education and Early Development to account for these funds separately and award the dollars as grants to attract and retain qualified teachers and administrators will provide a mechanism to ensure that the funds are appropriated for its designated use.

Governor's Select Panel

Alaska Schools' District Cost Factors

Proposed by Gary Wilken

August 16, 2007

Preface Statement: In the Moore, et. al. v. State of Alaska decision of June 21, 2007, Judge Sharon Gleason, Superior Court Judge, determined that the funding for Alaska's K-12 public education was adequate and that "the current formula was carefully considered and represents a rational approach to educational funding." (page 182, paragraph 26)

However, one aspect of the funding formula has been a constant source of aggravation, discourse, and contention within the legislature and the educational community: how to measure the relative geographic cost differences between school districts. If the proposed *Governor's Select Panel on Alaska Schools' District Cost Factors* can develop a cost factor model acceptable to the governor, legislature and the general public, the panel's finished work product will remove a perennial source of frustration for many. This Select Panel will remove the district cost factors (DCFs) from manipulation, negotiation, and aggravation for the next generation, a goal worthy of attainment.

The following proposal outlines a committee structure in which this important, yet divisive aspect of our funding formula, can be addressed and resolved:

Who: Governor's Select Panel on Alaska Schools' District Cost Factors

- Governor appoints panel members, based on recommendations submitted to the governor
- Governor selects the chair of the panel
- Governor informs the legislature by the 45th day of the 2008 session that the Select Panel has been appointed and has held its initial meeting
- Governor controls the panel's budget (dollars appropriated specifically for the panel's work)
- Make-up of the Select Panel shall be composed of the following:
 - One representative of Alaska Association of School Business Officials (ALASBO)
 - One representative of the Anchorage School District
 - One representative from the Governor's administration

- One representative from the Alaska State Senate
- One representative from the Alaska House of Representatives
- One professionally trained statistician
- One certified public accountant
- One member of the general public with a statistical or numbers background
- One representative of Legislative Finance, serving as a non-voting member

What: Select Panel will develop a valid, durable model to calculate relative geographic district cost factors that are able to be accurately updated every four years

- Panel serves as a technical, specialized team to develop a model to measure actual geographic cost differences in providing a K-12 public education throughout Alaska
- Model includes a method to accurately measure and weight several components in a school district's budget, including, but not limited to,
 - Personal Services
 - Travel
 - Services (excluding utilities)
 - Commodities and Equipment (excluding utility and energy costs)
 - Energy and Utility Costs
 - Facility Maintenance
- Panel selects at least two vendors to draft a model to measure actual educational cost differences and submit the model without calculating individual factors
- Panel works closely with the selected vendors and frequently reviews the work products of the vendors and provides specific direction throughout the process
- Panel determines the best model or combination model that measures the actual relative geographic cost differences accurately and can be updated every four years
- Panel opens a public 60-day public comment period on the recommended model
- Panel considers all comments on the chosen model and modifies the model based on the submitted comments, if deemed appropriate
- Panel requests the vendor who developed the recommended model to collect, analyze, and compute the necessary data to calculate new district cost factors

- Panel recommends the chosen model and accompanied new district cost factors to the legislature for implementation
- Current district cost factors sunset the first day of the 2011 legislative session

Where: Select Panel serves under the Office of the Governor

- Panel is appointed by the governor and serves at her pleasure
- A different venue with a statewide view is necessary to foster statewide cooperation
- Support by the governor is necessary to achieve a final resolution
- Department of Education and Early Development provides the necessary administrative support

When: Select Panel exists from 2008 – 2010

- Panel holds its initial meeting prior to the 45th day of the 2008 legislative session
- Panel opens a 60-day public comment period on the suggested model no later than September 1, 2009
- Panel submits its final report to the governor and legislature by September 1, 2010
- Panel sunsets by December 31, 2010

Why: Select Panel's work will provide 53 school districts an assurance that the relative regional cost differences are measured correctly

- The current district cost factors were adopted by the legislature ten years ago
- Within the last 10 years the legislature has sponsored two DCF studies with disparate results
- Uncertainty regarding the validity of two proposals exists, fostering frustration and skepticism
- Since 1998, state law has required the Department of Education and Early Development to update the district cost factor, but the current district cost factor computations cannot be updated

Timeline for the Governor's Select Panel on DCFs

Select Panel Tasks	2008	2009				2010				2011
	Mar 1	Mar 1	June	Sep 1	Nov 1	Mar 1	June	Sep 1	Dec 31	Jan
Selects vendors & recommends model	12 - 18 months →									
Opens a 60-day public comment period on model	2 months (depends on public comment period)→									
DCFs decided, final report to gov & legis		10 - 16 months→								
Select Panel on District Cost Factors sunsets	2 years, 10 months →									
Repeal of the District Cost Factor statutes										★

District Cost Factors – not a silver bullet

An Education Funding Review

The Legislature has long recognized the importance of adjusting state education aid for geographic cost differences, but it has proven difficult to quantify. Changing the cost factors has frequently been a convenient, and divisive, subject upon which to focus and leverage additional school funding. Given the current climate one might believe that a change in the district cost factors is a silver bullet for school funding. It is not, so it is important to take a moment to step back from the current debate and review the history leading up to the two conflicting reports which we have before us today. To accept new cost factors based on flawed data is to repeat history and undermine the foundation of our school funding formula.

1987

Cost of living
ACDs are
adopted.

In 1987, the Legislature, under a great deal of federal pressure, adopted a new education funding formula that included an area cost differential (ACD) multiplier to address statewide differences in costs. These ACDs were based on a 1985 Department of Administration study that compared differences

in the cost of living (not education) but in 19 of the 40 election districts of our state.

During the legislative deliberations of the funding formula, the House Finance Committee amended the original proposal and increased 29 cost differentials. *Appendix A* recaps the early history of this debate.

1997 - 1998

After ten
years, a new
study was
commissioned
to review the
cost differen-
tials

In 1997, answering the clamor from the Alaska public, Governor Knowles and several legislators sponsored legislation to rewrite the education funding formula. The need for an accurate and objective ACD for each school district was stressed over and over again.

So the Legislature appropriated \$275,000 for a study that compared the cost of operating schools based on size and geographical location. On March 4, 1998 the

McDowell Group submitted the *Alaska School Operating Cost Study*. This study was the first empirical review ever undertaken in Alaska to identify actual school costs. Not only did the McDowell Group review cost differences at the district level, but also at the school level. As noted above, prior cost differentials were based on the *cost of living*, while the McDowell Group report was based on the *cost of education*.

1998

The Legisla-
ture adopted
DCF's based
on actual
school costs.

On May 12, 1998 the Legislature passed Senate Bill 36, a comprehensive rewrite of the Alaska's education funding formula. The Legislature adopted the new District Cost Factors (DCF) as proposed in the McDowell Group study. The Legislature did not amend or change the proposed DCFs.

Senate Bill 36 required the Department of Education to monitor the DCFs and update the cost factors every other year, start-

ing January 15, 2001. A letter of intent that accompanied Senate Bill 36 asked the department to report on the educational adequacy in the schools of Alaska, paying particular attention to differences in cost of school operations. Unfortunately, the Department of Education reported that given the format of the current differential data, the department was unable to update the district cost factors.

2001 - 2004

American Institute of Research (AIR) conducted a DCF study.

An ISER Peer Review is conducted on AIR study,

With a desire to obtain more accurate cost data, in 2001 the Legislature paid \$350,000 to the American Institute for Research (AIR) to study the cost of providing K-12 education in each school district. The AIR research team collaborated closely with eight school business officials representing a diverse sample of districts across Alaska.

To determine the cost index for teachers, AIR studied the costs for *comparable levels* of experience, education, and other demographic characteristics. As reported in the January, 2003 study, the American Institute of Research noted that the highest-cost districts paid about 18 percent more than Anchorage for comparable teachers while the

lowest-cost districts paid about 6 percent less than Anchorage.

A number of questions regarding data accuracy and methodology were raised by a few legislators. At the request of the Legislative Budget and Audit (LB&A) Committee, the Institute of Social and Economic Research (ISER) conducted a peer review of the AIR study. On January 29, 2004 ISER reported that the peer review had determined the methodology used by AIR was appropriate, but the review team raised concerns about how AIR estimated some of the components. Primarily ISER felt that AIR did not adequately address the issue of *teacher turnover rates* in its Personnel Cost Index.

2005

ISER's conclusions based on flawed assumptions.

Based on this peer review of the AIR study, ISER was asked to update data sets, adjust the index for actual energy costs, and address teacher turnover rates.

On January 31, 2005, the ISER report, *Alaska School District Cost Study*, was presented to the LB&A Committee. ISER acknowledged that the upward adjustment of the district cost factor was based largely on the teacher cost component, an increase to address the *issue of teacher turnover*

rates. The ISER team attempted to estimate the amount of funds needed by all districts to recruit and retain teachers of equivalent quality to teachers in Anchorage.

The 2005 ISER report concluded that the additional dollars provided to school districts would help recruit and retain teachers and, therefore, address the turnover rate in some districts. But this report directly contradicted an earlier 2002 ISER report that measured the causes of teacher turnover.

2005

Report in conflict with a 2002 ISER study, *Retaining Quality Teachers for Alaska*

So on February 28, Senator Therriault, Chair, LB&A, sent a letter to all legislators regarding ISER's 2005 report. The letter referenced the prior ISER study completed in December 2002 entitled, *Retaining Quality Teachers for Alaska*. The report, in part, summarized why Alaska teach-

ers leave their jobs; *why there is teacher turnover*. When it came to why rural teachers changed districts (rural teachers defined as teachers from districts outside Anchorage, Fairbanks, Juneau, and Mat-Su), salary was tied for last place, as shown in the following list:

1. personal or family reasons,
2. wanted to live somewhere else,
3. wanted to teach in another community,
4. dissatisfied with community support,
5. better housing,
6. better medical care,
7. better educational opportunities, and
- 8/9. better salaries & disagreement with reforms

Conclusion: Today if there are certain areas of our state struggling with inadequate education funding, let's have the patience and courage to fix the root causes of those particular struggles. Indeed, to simply step back and use as a proxy for repair District Cost Factors based on flawed assumptions, not only repeats the subjective, unilateral, and harmful actions taken in 1987, but jeopardizes the future of our foundation formula.

Public School Funding

A Historical Review

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

1985
A one year stop-gap funding scheme was adopted.

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

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

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

.....

1986
A re-write proved impossible; another one year solution.

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

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

Mike Scott, staff to Sen. Ferguson

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

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

Bob Green, School Boards' Assoc.

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

LeRoy Owens, Aleutian Schools

.....

1987
After two years of different stop-gap measures, a new proposal was considered.

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

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

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

The House Finance Committee amended the original bill and increased twenty-nine area cost differentials.

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

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

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

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

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

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

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

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

• “I believe it is dangerous for the Legislature to adjourn without enacting a new formula. Urban members of the Senate HESS Committee acquiesced in a measure that includes area differentials less favorable to urban areas.”
Sen. Joe Josephson (5/19/87)

• “. . . there appears to be no objective definition of funding communities.”
Bill Berrier, small districts' lobby

.....

During the past ten years, the Foundation Formula has remained relatively stable. However, the current distribution scheme, developed under pressure with very limited cost data, has proven to be an experiment that has failed.

Issues raised in 1987 – special education spending, administrative overhead, “funding communities,” local contribution inequities, inflated area cost differentials – are

still areas of concern and are addressed in SB 36.

Senate Bill 36 is based on a school operating cost study that treats all Alaskan schools equally and fairly. This is the first review of actual school costs in the thirty-nine years of Alaskan statehood.

It is important to remember the historical perspective of the current formula when comparing SB 36 to the existing formula.

Appendix B

A Comparison of District Cost Factors

School District	Current Cost Factor	AIR Cost Factor	ISER Cost Factor
Alaska Gateway	1.291	1.28	1.594
Aleutian Region	1.736	1.46	1.939
Aleutians East Borough	1.423	1.49	1.991
Anchorage	1.000	1.00	1.000
Annette Island	1.011	1.03	1.338
Bering Strait	1.525	1.55	1.998
Bristol Bay Borough	1.262	1.19	1.478
Chatham	1.120	1.20	1.576
Chugach	1.294	1.29	1.496
Copper River	1.176	1.15	1.316
Cordova	1.096	1.07	1.234
Craig	1.010	1.09	1.206
Delta/Greely	1.106	1.09	1.241
Denali Borough	1.313	1.09	1.332
Dillingham	1.254	1.13	1.346
Fairbanks N. Star Borough	1.039	1.08	1.070
Galena	1.348	1.26	1.391
Haines Borough	1.008	1.03	1.200
Hoonah	1.055	1.12	1.399
Hydaburg	1.085	1.10	1.504
Iditarod Area	1.470	1.40	1.846
Juneau Borough	1.005	1.02	1.145
Kake	1.025	1.09	1.459
Kashunamiut	1.389	1.25	1.619
Kenai Peninsula Borough	1.004	1.03	1.171
Ketchikan Gateway Borough	1.000	1.01	1.170
Klawock	1.017	1.04	1.302
Kodiak Island Borough	1.093	1.12	1.289
Kuspuk	1.434	1.21	1.734
Lake & Peninsula Borough	1.558	1.46	1.994
Lower Kuskokwim	1.491	1.39	1.663
Lower Yukon	1.438	1.40	1.861
Mat-Su Borough	1.010	0.99	1.070
Nonana	1.270	1.17	1.338
Nome	1.319	1.16	1.450
North Slope Borough	1.504	1.58	1.791
Northwest Arctic Borough	1.549	1.48	1.823
Pelican	1.290	1.14	1.477
Petersburg	1.000	1.01	1.244
Pribilof	1.419	1.29	1.691
Sitka Borough	1.000	1.03	1.195
Skagway	1.143	1.00	1.174
Southeast Island	1.124	1.07	1.403
Southwest Region	1.423	1.26	1.685
St. Mary's	1.351	1.28	1.624
Tanana	1.496	1.29	1.786
Unalaska	1.245	1.19	1.441
Valdez	1.095	1.05	1.170
Wrangell	1.000	1.00	1.159
Yakutat	1.046	1.17	1.412
Yukon Flats	1.668	1.46	2.113
Yukon/Koyukuk	1.502	1.44	1.835
Yupik	1.469	1.31	1.723
Mt. Edgocumbo High School	1.000	1.03	1.195

Appendix 1

Senate Concurrent Resolution 11

**STATE OF ALASKA
THE LEGISLATURE**

2007

Source
SCR 11

**Legislative
Resolve No.**
26



Establishing and relating to the Joint Legislative Education Funding Task Force.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS Alaskans clearly believe in the value of the quality of education for our children; and

WHEREAS, under art. VII, sec. 1, Constitution of the State of Alaska, a system of public schools is required to be established and maintained; and

WHEREAS the legislature finds that the present system of providing assistance to the public school system is a complex matter and should be studied for possible modification and improvement; and

WHEREAS, during the period of study, an alternative mechanism to the existing system of financial support for public schools may be desirable; and

WHEREAS a study conducted in the state in 2004 by the Institute of Social and Economic Research recommended that the school district cost factors under AS 14.17.460(a) be increased to more accurately reflect the cost differentials in rural school districts;

BE IT RESOLVED by the Alaska State Legislature that the Joint Legislative Education Funding Task Force is established for the purpose of examining school district cost

differentials and the existing formula for distributing state aid for education; and be it

FURTHER RESOLVED that the duties of the task force include

(1) evaluating proposals that are based on available facts and conclusions pertaining to school district cost factors and the foundation formula;

(2) recommending improvements or additions to the laws providing for education funding; and

(3) taking public comments on education funding and school district cost factors; and be it

FURTHER RESOLVED that the task force consists of 11 members as follows:

(1) five shall be from the senate appointed by the president of the senate;

(2) five shall be from the house of representatives appointed by the speaker of the house of representatives; and

(3) one shall be appointed by the governor; and be it

FURTHER RESOLVED that the president of the senate and the speaker of the house of representatives shall jointly appoint the chair and vice-chair of the task force; and be it

FURTHER RESOLVED that the task force shall meet during the interim between sessions; and be it

FURTHER RESOLVED that the task force shall submit a report of its findings and proposed legislative changes to the governor and the legislature by September 1, 2007, and may make any additional reports it considers advisable; and be it

FURTHER RESOLVED that, if the task force is not able to propose a solution for school funding, including the treatment of school district cost factors, the governor is encouraged to call the legislature into a special session before the date the Second Regular Session of the Twenty-Fifth Legislature convenes in order to address school funding; and be it

FURTHER RESOLVED that the Joint Legislative Education Funding Task Force is terminated on October 15, 2007.

1/29/08

**Resolution 07-16
Support for the Joint Legislative
Education Funding Task Force**

WHEREAS, there has always been division about how to conduct the State's business;
and

WHEREAS, there is often disagreement about how to fund public education; and

WHEREAS, the Joint Legislative Education Funding Task Force included members of
the Legislature with varying opinions and diverse views; and

WHEREAS, the process was open and transparent and all school districts and the public
had opportunity to provide input through testimony; and

WHEREAS, the true costs of delivering education exceed the recommendations of the
Task Force; and

WHEREAS, a proposed solution would be to use the Task Force recommendations for
area cost differential and intensive needs multipliers, but phase-in over a three (3) year
period, as well as a \$200 increase to the base student allocation per year; and

WHEREAS, the Council recognizes and is sensitive to the larger financial issues facing
the State; and

WHEREAS, the results of the Task Force represent a best effort to date to solve long-
term education issues; now

THEREFORE BE IT RESOLVED that the Alaska Council of School Administrators
recognizes and appreciates the hard work, thorough deliberation, and the ability of the
Joint Legislative Education Funding Task Force to make recommendations to the full
Legislature and the Governor that favor Alaska's children, even in the midst of
differences of opinion; and

BE IT FURTHER RESOLVED that the Alaska Council of School Administrators urges,
at the minimum, full implementation of the Task Force recommendations during the
current Legislative session.

Adopted by the Alaska Council of School Administrators
October and December 2007

(Signature)

1/29/08

**Resolution 07-10
Pupil Transportation Funding**

WHEREAS, the pupil transportation costs for school districts have escalated to new, all-time highs; and

WHEREAS, the competition for transportation contracts continues to decrease; and

WHEREAS, pupil transportation is an important part of overall school funding; and

WHEREAS, getting students safely to and from school is a vital part of public education; and

WHEREAS, school districts need adequate funds to address increased pupil transportation costs to ensure that they are not forced to use instructional funding to meet the costs of these obligations; now

THEREFORE BE IT RESOLVED that the Alaska Council of School Administrators requests that the State of Alaska recalibrate the current formula for funding pupil transportation, and include an annual inflation factor.

Adopted by the Alaska Council of School Administrators
October and December 2007

(copy on file)

1/29/08

**Resolution 07-3
Hold Harmless**

WHEREAS, school districts are negatively impacted by loss of funds due to decreased enrollment; and

WHEREAS, districts are not forward funded; and

WHEREAS, districts do not know actual State revenue until the first of November; and

WHEREAS, districts are required under current laws to notify tenured teachers of their contractual status by March 16; and

WHEREAS, districts are required under current laws to notify non-tenured teachers of their contractual status by the last day of the school term; and

WHEREAS, the loss of a school and/or decreased enrollment can have large, unexpected negative effects on the budget of the district; now

THEREFORE BE IT RESOLVED that the Alaska Council of School Administrators encourages the Legislature to establish hold harmless provisions similar to those previously in statute.

Adopted by the Alaska Council of School Administrators
October and December 2007

1/29/08

Resolution 07-4
Funding for High Cost Special Education Services

WHEREAS, Alaska's public schools desire to meet their legal and educational responsibilities to provide effective education for all students, regardless of severity of disability or location in the State; and

WHEREAS, these responsibilities include the obligation to provide services in the least restrictive placement and manner appropriate to the child; and

WHEREAS, recognizing the much higher costs of educating children with extreme needs, the Alaska School Foundation Program has long provided Intensive Services funding to defray higher costs; and

WHEREAS, even where provided, Intensive Services funding has not reflected actual excess costs in comparison to other special education programs; and

WHEREAS, the federal Individual with Disabilities Education Improvement Act (IDEA) requires that public schools enroll students with disabilities at age three; and

WHEREAS, preschool students with intensive needs who enroll after the October count date, and after State funding has become fixed, incur costs to a district that are not typical of other students enrolling after the count date; and

WHEREAS, other students with intensive needs who move into a district after the October count date pose a similar financial challenge; now

THEREFORE BE IT RESOLVED that the Alaska Council of School Administrators urges the Alaska State Legislature to adequately fund services for students with intensive needs separate from the existing block grant program; and

BE IT FURTHER RESOLVED that the Alaska Council of School Administrators urges the Alaska State Legislature to both increase the multiplier used to allocate funding to students with intensive needs, and provide funding for all special education pre-school and K-12 students with intensive needs who enter a district past the count date.

Adopted by the Alaska Council of School Administrators
October and December 2007

1/29/08

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM # 38 (2007-2008)

September 10, 2007

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: ASD RESOLUTION IN SUPPORT OF THE JOINT LEGISLATIVE
EDUCATION FUNDING TASK FORCE REPORT

*ASD GOAL: Ensure public accountability through effective communication with
students, staff, parents, community and government at all levels*

RECOMMENDATION:

It is the School Board Legislative Subcommittee's recommendation that the Anchorage School Board approve the attached resolution in support of the work and recommendations of the Joint Legislative Education Funding Task Force. It is further recommended that, once approved, the Superintendent transmit copies of this resolution to the Governor and to all members of the Alaska State Legislature.

PERTINENT FACTS:

The Joint Legislative Education Funding Task Force (JLETF) was established by Senate Concurrent Resolution 11 in the first session of the Twenty-fifth Alaska State Legislature for the purpose of examining school district cost differentials and the existing formula for distributing state aid for education. The JLETF was directed to submit a report of its findings and proposed legislative changes to the governor and the legislature by September 1, 2007 and was authorized to make any additional reports it considered advisable.

The JLETF met throughout the summer in a series of open meetings to examine the issues, hear public comment, and draft recommendations. The Anchorage School Board and the Administration were well represented at every meeting of the task force. The process was decidedly positive and was characterized by a respectful and candid sharing of ideas. Task force members listened attentively

(copy on file)

to public comment as reflected by consistently thoughtful questions and by the reflection of districts' concerns in the final report and recommendations.

Key among these recommendations are the following: a substantial increase in the amount of intensive needs funding phased in over a period of years, the phasing in of the ISER cost differentials, the creation of standing education committees in the House and Senate to oversee and review education issues in the state, and an increase in the base student allocation set in statute for the next three years to provide some stability in funding for districts.

The Anchorage School District provided compelling testimony during the committee's public hearings that the minimum increase of \$100 per year in the base student allocation noted in the JLETF report would be approximately half of what the district would need to maintain existing programs, even with the proposed increases to the intensive needs multiplier, and requested an increase of \$200 per year to keep up with projected costs.

The Anchorage School District has seen steadily increasing student achievement for the past three years in every student subgroup in both language arts and math. Maintaining adequate funding is critical to our continued success in increasing student achievement and to meeting the ever-increasing requirements of the No Child Left Behind Act.

The Anchorage School District is appreciative of the work of the Joint Legislative Education Funding Task Force under the steady and responsive leadership of Chairman Mike Hawker and is pleased to offer this resolution in support of the work and recommendations of the task force.

Attachment

Prepared and Approved by: Carol Comeau, Superintendent

ANCHORAGE SCHOOL BOARD
ASDR 2007-2008-02

A RESOLUTION IN SUPPORT OF THE WORK AND THE
RECOMMENDATIONS OF THE JOINT LEGISLATIVE EDUCATION
FUNDING TASK FORCE REPORT

WHEREAS, The Joint Legislative Education Funding Task Force met regularly over the summer; and

WHEREAS, the Task Force accepted public testimony, and openly discussed and debated the merits of different changes to the education funding formula; and

WHEREAS, the Task Force has prepared a report to the Legislature and the Governor; and

WHEREAS, implementation of the Task Force recommendations will improve public education in the State of Alaska and provide local school districts with a more equitable and stable funding scheme; and

WHEREAS, in the creation of the report, compromises were made to reach a generally acceptable consensus; and

WHEREAS, the Task Force specifically discussed that the Base Student Allocation amount would be subject to further debate in the Legislature;

NOW THEREFORE BE IT RESOLVED that the Anchorage School Board supports the recommendations of the Task Force; and

BE IT FURTHER RESOLVED that the Anchorage School Board specifically finds the following recommendations to be of high importance:

- The passing by the Legislature of S.B. 125 (PERS/TRS cost sharing) in substantially the same form as it currently exists.
- The creation of standing Education Committees in the House and Senate to oversee and review all education issues in the state;
- The referral to the education committees of the various long term issues discussed in the Task Force report;
- The implementation of the ISER district cost factors, phased in to statute over time as set out in the Task Force recommendations, with appropriation of sufficient funds to avoid a negative impact to Anchorage;
- The creation of a blue ribbon commission or some other body to obtain a neutral, professional review of the district cost factors and recommend

changes to those cost factors if the ISER factors are found to be inaccurate, so that the cost factors in statute reflect as accurately as feasible the differences in the cost of educating students throughout Alaska;

- The phased increases in the Intensive Need funding with those increases set into statute;
- The recalibration of the transportation reimbursement rate based on the most recent actual audited costs; and
- An increasing Base Student Allocation amount, set in statute for Fiscal Years 2009, 2010, and 2011, at an amount that will keep pace with projected cost increases over those years;

BE IT FURTHER RESOLVED that the Anchorage School Board requests that the BSA be set in statute for FY 2009 at \$5580, for FY 2010 at \$5780, and for FY 2011 at \$5980.

PASSED AND APPROVED by the Anchorage School Board this 10th day of September, 2007.

Tim Steele, President

Jeff Friedman
Mary Marks
John Steiner

Crystal Kennedy
Macon Roberts
Chris Tuck

Carol Comeau, Superintendent

Unalaska City School District



Unalaska City School District Supporting Recommendations of the Joint Legislative Education Funding Task Force Report

WHEREAS, The Joint Legislative Education Funding Task Force met regularly over the summer; and

WHEREAS, the Task Force accepted public testimony, and openly discussed and debated the merits of various changes to the education funding formula; and

WHEREAS, the Task Force prepared a Report to the Legislature and the Governor with stated recommendations; and

WHEREAS, the implementation of the Task Force Recommendations will improve public education in Alaska and provide school districts with a more equitable and stable funding mechanism; and

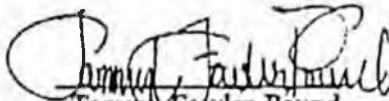
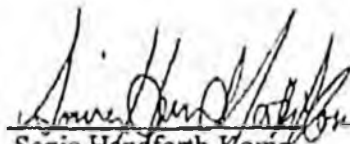

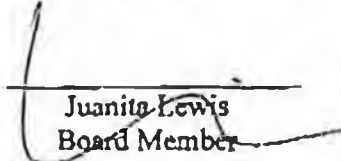
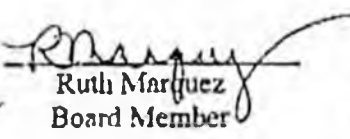

WHEREAS, the implementation of the Task Force Recommendations will directly benefit students in the Unalaska City School District;

NOW, THEREFORE, BE IT RESOLVED, that the Unalaska City School District Board of Education supports the Task Force Recommendations; and specifically finds the following recommendations of high importance:

- The passing by the Legislature of SB 125 (PERS/TRS cost sharing) in substantially the same form as it currently exists;
- The creation of standing Education Committees in the House and Senate to oversee and review all education issues in the state;
- The referral to the Education Committee of the various long-term issues discussed in the Task Force report;
- The implementation of the ISER district cost factor, phased in to statute over time as set out in the Task Force recommendations;
- The phased in increases in intensive needs funding with those increases set into statute;
- The recalibration of the transportation reimbursement rate based on the most recent actual audited costs; and
- An increasing Base Student Allocation amount set in statute for fiscal years 2009, 2010 and 2011, at an amount that will keep pace with projected cost increases over those years.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Unalaska City School District Board of Education specifically recommends that the Legislature adopt the Joint Legislative Education Funding Task Force recommendations within the first thirty (30) days of the legislative session.

ADOPTED this 24~~th~~ day of January, 2008 by the Unalaska City School District Board of Education.

 Tammy Fowler-Pound President	 Sonia Handforth-Koma Clerk/Treasurer	 Melanie Magnusen Board Member
 Juanita Lewis Board Member	 Ruth Marquez Board Member	 Robyn Burt Student Representative

1/29/08

From: Comeau_Carol [mailto:Comeau_Carol@asdk12.org]

Sent: Monday, January 21, 2008 11:27 AM

To: Rep. Peggy Wilson; Rep. Bob Roses; Rep. Anna Fairclough; wes_keller@legis.state.ak.us; Rep. Sharon Cissna; Rep. Berta Gardner; Rep. Paul Seaton

Cc: Rep. Mike Hawker; Mary A. Francis, Executive Director; Friedman_Jeff; Steele_Tim; karen_rehfeld@gov.state.ak.us; mike_tibbles@gov.state.ak.us; Comeau_Carol

Subject: HB 273

Representative Wilson and members of HESS Committee:

I am unable to testify on Tuesday at 3:00 due to an already scheduled Anchorage School District budget hearing at the same time.

Legislative Chair, Jeff Friedman, has already transmitted his comments on behalf of the School Board and the District in support of HB 273 and the work of the Joint Legislative Education Funding Task Force Report. We are very grateful for the conscientious work of the Task Force and fully support their recommendations.

We feel that the Task Force delved into many important issues, and acknowledge that there are many other substantive issues still needing the full attention of the legislature. We applaud the fact that the House has already approved a separate standing committee for Education due to the complexity of these issues.

In addition to supporting the recommendations incorporated into HB 273, our School Board and administration support Governor Palin's plan of a three year Education Fund and the increase to \$200 per student on the BSA and the recalculation of the pupil transportation factor. Anchorage stands ready to share with you how we will use the additional revenue to enhance our instructional program in an effort to continue our academic progress and reducing the drop out rate. We are very much committed to supporting all of our students in their progress to gaining a high school diploma. In addition, we urge you to support Governor Palin's plan so we could do genuine forward planning for our instructional program. This will benefit every district in the state.

I thank you for your work on behalf of Alaskan children and school districts; I look forward to meeting with you when I come to Juneau February 9-11.

Thanks for considering my comments.

Carol Comeau

ASD Superintendent

1/29/08

-----Original Message-----

From: Friedman_Jeff [mailto:Friedman_Jeff@asdk12.org]
Sent: Thursday, January 17, 2008 9:07 PM
To: Rep. Peggy Wilson; Rep. Bob Roses; Rep. Anna Fairclough;
representative_we_keller@legis.state.ak.us; Rep. Paul Seaton; Rep. Sharon Cissna;
Rep. Berta Gardner
Cc: Rep. Mike Hawker; Comeau_Carol; Steele_Tim
Subject: House Bill 273

Dear Representative Wilson and members of the HESS Committee:

I am writing to you as the chair of the Anchorage School Board's Legislative Committee. HB 273 will be heard by your committee next week, and I wish to express the Anchorage School Board's strong support for that bill.

The Joint Legislative Education Funding Task Force worked very hard last summer. The Task Force heard hours of testimony, and spent additional hours discussing ways to improve education funding in Alaska. The excellent process led to an excellent result. Clearly, the final recommendation contained compromises. At the same time, no vital interest was ignored. The Task Force's recommendations form a solid basis for improving academic achievement throughout Alaska.

I have attached a copy of a resolution passed unanimously by the Anchorage School Board. In addition, the Alaska Association of School Boards adopted a similar position in support of the Task Force recommendations.

HB 273 contains most of the Task Force recommendations (others have been proposed in companion bills). During it's deliberations, the Task Force initially thought not to make any recommendation as to the Base Student Allocation amount. After some discussion, it was decided that some increase to the BSA was needed, and that a minimum amount of \$100 additional per year would be included as a place holder. Both the discussion at that meeting and the language of the report indicate that this amount was not set in stone, but was intended solely as the minimum amount that should be considered. Based on current cost estimates, the Anchorage School Board, and AASB, support increases of \$200 per year over the next three years. Governor Palin used this same figure when she adopted the Task Force recommendations and filled in some of the details left open by the Task Force's report.

Anchorage supports phased increases to the District Cost Factors with the understanding that a new study will be completed to update those cost factors. The phased increases in intensive needs funding are extremely important to Anchorage, and are important to districts throughout the state since a single, expensive high need student could bankrupt a small district. Changes to the transportation reimbursement formula are also important.

Because of the phased increases to the District Cost Factors, much of the new money will not come to Anchorage. Anchorage still supports those increases, along with the entire package of Task Force recommendations because we believe that Anchorage benefits from strong districts throughout the state. I urge you to support HB 273 and include with it the BSA levels suggested by the Governor.

Please feel free to contact me if you have any questions.

Jeff Friedman
Anchorage School Board Member
1534 D Street
Anchorage, AK 99501
907-742-4699 (home)
Friedman_Jeff@asdk12.org

1/30/08



Resolution of The State Board of Education & Early Development

Joint Legislative Education Funding Task Force

Resolution 01-2008

The Joint Legislative Education Funding Task Force, convening in the summer of 2007, diligently examined Alaska's school funding formula and related statutes and regulations; and

The Task Force recommended adjustments to the formula so that schools are funded fairly and adequately; and

The Task Force recommended an increase in the base student allocation in each of the next three years; and

The Task Force, recognizing that schools across the state face differing costs for the same goods and services, recommended phasing in of increases to the district cost factors; and

The Task Force, recognizing the costs to school districts of serving students with intensive needs, recommended a series of increases in intensive needs funding; and

The Task Force, recognizing school districts' increased costs in providing pupil transportation, recommended the state provide more grant funds for this purpose; and

The Task Force, recognizing the need for school districts to prepare their budgets in a timely manner, recommended that the Alaska State Legislature appropriate funds for education by the 60th legislative day; and

The Task Force -- recognizing that publicly funded charter schools, correspondence schools and home-schooling are integral to providing a broad spectrum of school alternatives -- recommended that legislative Standing Committees on Education make certain that those programs are fairly and adequately funded; so

THEREFORE, BE IT RESOLVED, the State Board of Education & Early Development hereby expresses deep appreciation for the efforts of the Joint Legislative Education Funding Task Force on behalf of Alaska's school children and strongly endorses the Task Force's recommendations and Governor Sarah Palin's proposal to implement it.

A handwritten signature in cursive script that reads "Esther J. Cox". The signature is written in black ink and is positioned above the typed name.

Esther Cox, Chair
On behalf of the State Board of Education
& Early Development

January 25, 2008

handout 2/6/08

K-12 Foundation Formula Funding--State of Alaska FY2002 through FY2011																		
Year	Base Student Allocation (BSA)	% change	Formula Additions Not in BSA	Formula Additions	BSA Increase	Cost of BSA Increase	Formula Additions as a % of BSA Increase	Additions Converted to BSA Equivalent	Adjusted BSA	Increase in Adjusted BSA since FY02	Percentage Increase in Adjusted BSA since FY02	Years since FY02	Increase in Adjusted BSA	Average Annual Increase in Adjusted BSA	Average Annual Increase in Adjusted BSA	CPI	Average Inflation Factor	Inflation since FY02
2002	\$ 4,010	0.0%	12.4	Learning Opportunity Grants	70	14.8	84%	59	\$ 4,069							156.8		
2003	\$ 4,010	0.0%	23.3	Learning Opportunity Grants	70	14.8	157%	110	\$ 4,120	\$ 52	1%	1	1.01	1.012671	1.3%			
2004	\$ 4,169	4.0%							\$ 4,169	\$ 100	2%	2	1.02	1.012257	1.2%			
2005	\$ 4,576	14.1%							\$ 4,576	\$ 507	12%	3	1.12	1.039949	4.0%			
2006	\$ 4,919	22.7%							\$ 4,919	\$ 850	21%	4	1.21	1.048592	4.9%			
2007	\$ 5,380	34.2%	46	District Cost Factors (DCFs) and School Improvement Grants	461	96	48%	221	\$ 5,601	\$ 1,532	38%	5	1.38	1.06601	6.6%	178.7	1.026492	
2008	\$ 5,380	34.2%	70	District Cost Factors (DCFs) and School Improvement Grants	461	97	72%	333	\$ 5,713	\$ 1,644	40%	6	1.40	1.058193	5.8%	183.434		
2009	\$ 5,480	36.7%	90.1	DCF and Intensive Needs	200	44.8	201%	402	\$ 5,882	\$ 1,814	45%	7	1.45	1.054072	5.4%	188.294	102.65%	20%
2010	\$ 5,580	39.2%	124.2	DCF and Intensive Needs	200	46	270%	540	\$ 6,120	\$ 2,051	50%							
2011	\$ 5,680	41.6%	159.5	DCF and Intensive Needs	200	47.2	338%	676	\$ 6,356	\$ 2,287	56%							

Education Task Force Recommendations

FY09 Additions to formula	90.1
FY09 Retirement Costs	216.4
Total	306.5

31.4938 since FY02

Question: How much has state spending for education increased since FY2002?

Method 1--Total Spending

643.2 FY02 GF spending for foundation
 1,214.0 FY09 GF (at Ed Task Force Recommendations plus retirement costs) no debt reimbursement
 570.8 increase
 89% percent increase in 7 years
 9.5% percent annual growth rate

on a per student basis

132,669.66 FY02 ADM
 128,575.39 FY09 ADM
 \$ 4,848 Per ADM in FY02
 \$ 9,442 Per ADM in FY09
 \$ 4,594 increase in per student funding
 95% increase in per student funding

Inflation adjusted

\$ 772 Inflation adjusted FY02 Spending
 \$ 5,822 Inflation adjusted spending per ADM in FY02
 \$ 3,620 inflation adjusted increase in per student funding
 62% increase in per student funding

Method 2--Increases in the BSA

(This method is shown on DEED's "pencil chart")
 The pencil chart has been modified to reflect the Education Task Force Recommended \$100 increase in the BSA

The BSA alone does not reflect K-12 funding increases because significant funding has occurred outside the BSA

After adjusting for "outside" funding, K-12 funding has increased 45% since FY02, for an annual growth rate of 5.4%

Retirement contribution rates have changed since FY02, which alters effective funding in the intermediate years but does not affect the "start-to-end" comparison of FY02 to FY09--rates have been rolled back to FY02 levels

Annual inflation since FY02 has averaged 2.65%, so K-12 funding has grown at twice the rate of inflation since FY02.

Method 3--Include Retirement Costs

The above analysis is a "money in the classroom" view.
 May also want to look at the amount K-12 education costs the state.

The cost of education includes retirement costs which have skyrocketed since FY02, but this money goes directly to retirement accounts and is excluded from the "classroom" analysis

State retirement contributions on behalf of school districts in FY09 is \$216 million.
 If that money were distributed to districts, the BSA would be 6,850
 this is a 88% increase in K-12 funding since FY02 (or 7.7% annually)

HB

273

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/08

FURTHER:

DATE TURNED
IN TO OFFICE: 2/28/08

Finance Committee considered CS FOR HOUSE BILL NO. 273(FIN)

HB 273 EDUCATION FUNDING

"An Act relating to school funding, funding for student transportation services, the base student allocation, district cost factors, and the adjustments for intensive services and average daily membership calculations; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	2/14			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	1/18	✓			1
EED	2/6	✓			3
HFC	2/22	✓			4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	ELTON	✓			
	THOMAS	✓			
	PUGGINS	✓			
	O'SOD	✓			
CO-CHAIR:	HUFFMAN	✓			
CO-CHAIR:	STROMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 273
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component Child Care Benefits

ID(File name) HB273-DHSS-CCB-02-14-08
 Title EDUCATION FUNDING

Sponsor HAWKER
 Requester SENATE FIN Component No. 1897

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING			0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

AS 47.25.071 authorizes the Child Care Grant Program, which provides assistance for the operation of child care facilities. Under current law, grants to qualifying providers are adjusted on a geographic basis by the same factor as funding for a school district. Grants are also capped at \$50 per month for each qualifying child.

The Department does not anticipate that the changes to the school district cost factors in Section 5 of HB 273 will have a significant fiscal impact on the Child Care Grant Program as the proposal does not remove the \$50 monthly cap for each qualifying child.

Prepared by: Ellie Fitzjarrald, Director
 Division Public Assistance
 Approved by: Karleen Jackson, Commissioner
 Agency Department of Health and Social Services

Phone 465-2680
 Date/Time 02/13/2008
 Date 02/14/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 273(FIN)
(H) Publish Date: 2/25/08

Identifier (file name): _____ Dept. Affected: Education and Early Development
Title: "An Act relating to school funding, the base student allocation, RDU K-12 Support
district cost factors, and the adjustments for..." Component: Foundation Program
Sponsor: Representative Hawker
Requester: House Finance Committee Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		168,988.0	112,496.4	56,491.6	57,712.5	12,901.0	12,075.0	
Miscellaneous								
TOTAL OPERATING		168,988.0	112,496.4	56,491.6	57,712.5	12,901.0	12,075.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
1002 Federal Receipts								
1003 GF Match								
1004 GF		168,988.0	112,496.4	56,491.6	57,712.5	12,901.0	12,075.0	
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		168,988.0	112,496.4	56,491.6	57,712.5	12,901.0	12,075.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would set the district cost factors in FY 09 at 50% of the ISER increase over the original cost factors and implement the remaining 50% over the next 4 years; offers 9x the Base Student Allocation (BSA) for intensive needs, plus it will increase it to 11x the BSA in FY 2010 and 13x the BSA in FY 2011; provide a hold harmless provision for those districts whose school size adjusted ADM has decreased by more than 5% over the prior year; and increases the BSA by \$100 for FY 09 to \$5,480, FY 2010 to \$5,580, and FY 2011 to \$5,680.

The revised fiscal note reflects the legislative view of K-12 funding mechanics. The FY09 appropriation funds the \$112 million cost increase anticipated in FY09 and sets aside the \$56 million cost increase anticipated in FY2010.

Prepared by: House Finance Committee
Division: _____
Approved by: Rep. Kevin Meyer, Co-Chairman
Rep. Miko Chenault, Co-Chairman

Phone 465-4945
Date/Time 2/22/08 12:01 p.m.
Date 2/22/2008

School Districts	50% ISER Implemented	BSA Increase by \$100 to \$5,480	Intensive Multiplier from x5 to x9	5% reduction in School Size Adjustment Hold Harmless	Year 1 FY 2009 funding
ALASKA GATEWAY	596,366	113,123	129,120	-	838,609
ALEUTIAN REGION	78,404	26,202	-	-	104,606
ALEUTIANS EAST BOROUGH	900,215	100,271	-	-	1,000,486
ANCHORAGE	0	6,983,032	17,904,640	-	24,887,672
ANNETTE ISLAND	425,420	57,390	21,520	-	504,330
BERING STRAIT	4,145,639	589,180	430,400	-	5,165,219
BRISTOL BAY BOROUGH	190,478	46,578	43,040	-	280,096
CHATHAM	432,435	51,220	86,080	-	569,735
CHUGACH	96,157	38,056	-	-	134,213
COPPER RIVER	364,445	131,496	193,680	-	689,621
CORDOVA CITY	239,798	80,423	129,120	-	449,341
CRAIG CITY	303,255	105,434	215,200	-	623,889
DELTA/GREELY	484,884	187,840	150,640	-	823,364
DENALI BOROUGH	26,872	96,054	64,560	-	187,486
DILLINGHAM CITY	197,709	111,559	172,160	-	481,428
FAIRBANKS NORTH STAR BOROUGH	1,624,033	2,265,608	6,176,240	-	10,065,881
GALENA CITY	49,968	337,704	-	-	387,672
HAINES BOROUGH	277,679	67,805	172,160	-	517,644
HOONAH CITY	230,517	34,073	86,080	61,029	411,699
HYDABURG CITY	168,840	19,289	-	-	188,129
IDITAROD AREA	489,741	88,044	-	-	577,785
JUNEAU BOROUGH	2,512,971	844,226	2,926,720	-	6,283,917
KAKE CITY	201,162	23,138	43,040	150,278	417,618
KASHUNAMIUT	350,470	90,362	129,120	-	569,952
KENAI PENINSULA BOROUGH	5,592,144	1,497,259	1,936,800	-	9,026,203
KETCHIKAN GATEWAY BOROUGH	1,514,550	376,286	430,400	-	2,321,236
KLAWOCK CITY	205,425	33,583	64,560	-	303,568
KODIAK ISLAND BOROUGH	2,044,545	490,291	581,040	-	3,115,876
KUSPUK	683,673	135,581	43,040	-	862,294
LAKE AND PENINSULA BOROUGH	1,060,692	161,945	43,040	-	1,265,677
LOWER KUSKOKWIM	3,290,913	1,175,026	1,355,760	-	5,821,699
LOWER YUKON	4,246,059	625,032	301,280	-	5,172,371
MATANUSKA-SUSITNA BOROUGH	3,303,917	2,450,573	4,863,520	-	10,618,010
NENANA CITY	71,984	101,892	64,560	-	238,436
NOME CITY	412,471	163,737	64,560	-	640,768
NORTH SLOPE BOROUGH	2,095,213	452,486	193,680	-	2,741,379
NORTHWEST ARCTIC BOROUGH	2,500,614	588,294	430,400	-	3,519,308
PELICAN CITY	24,120	6,577	-	-	30,697
PETERSBURG CITY	597,662	112,660	258,240	-	968,562
PRIBILOF	161,232	34,170	-	-	195,402
SAINT MARY'S	257,389	53,609	43,040	-	354,038
SITKA BOROUGH	1,030,205	249,106	774,720	-	2,054,031
SKAGWAY CITY	16,026	24,202	64,560	140,890	245,678
SOUTHEAST ISLAND	345,128	60,682	64,560	-	470,370
SOUTHWEST REGION	934,857	210,911	129,120	-	1,274,888
TANANA	90,222	20,711	43,040	-	153,973
UNALASKA CITY	345,289	89,503	43,040	-	477,832
VALDEZ CITY	225,823	131,981	172,160	-	529,964
WRANGELL PUBLIC	248,325	63,930	43,040	-	355,295
YAKUTAT	211,686	26,347	-	128,694	366,727
YUKON FLATS	811,558	127,931	21,520	-	961,009
YUKON/KOYUKUK	659,714	213,398	172,160	-	1,045,272
YUPIIT	642,556	151,448	43,040	-	837,044
Mt. Edgecumbe	305,090	63,350	-	-	368,440
Total	48,316,540	22,380,608	41,318,400	480,891	112,496,439

School Districts	1/4 Increase of remaining 50% ISER	BSA Increase by \$100 to \$5,580	Intensivo Multiplier from x9 to x11	YEAR 2 FY 2010 funding
ALASKA GATEWAY	151,855	117,086	65,760	334,701
ALEUTIAN REGION	20,390	26,573	-	46,963
ALEUTIANS EAST BOROUGH	229,239	104,442	-	333,681
ANCHORAGE	0	7,149,432	9,118,720	16,268,152
ANNETTE ISLAND	108,382	59,562	10,960	178,904
BERING STRAIT	1,051,110	612,305	219,200	1,882,615
BRISTOL BAY BOROUGH	48,476	47,860	21,920	118,256
CHATHAM	110,031	54,022	43,840	207,893
CHUGACH	24,238	38,497	-	62,735
COPPER RIVER	95,411	135,032	98,640	329,083
CORDOVA CITY	60,127	82,717	65,760	208,604
CRAIG CITY	78,813	108,868	109,600	297,281
DELTA/GREELY	123,441	191,486	76,720	391,647
DENALI BOROUGH	8,244	96,804	32,880	137,928
DILLINGHAM CITY	52,542	114,115	87,680	254,337
FAIRBANKS NORTH STAR BOROUGH	413,520	2,330,532	3,145,520	5,889,572
GALENA CITY	13,959	337,958	-	351,917
HAINES BOROUGH	70,623	70,690	87,680	228,993
HOONAH CITY	61,225	37,303	43,840	142,368
HYDABURG CITY	43,309	20,077	-	63,386
IDITAROD AREA	124,704	90,313	-	215,017
JUNEAU BOROUGH	658,091	883,400	1,490,560	3,032,051
KAKE CITY	59,028	27,987	21,920	108,935
KASHUNAMIUT	90,134	93,202	65,760	249,096
KENAI PENINSULA BOROUGH	1,423,959	1,541,168	986,400	3,951,527
KETCHIKAN GATEWAY BOROUGH	381,147	387,221	219,200	987,568
KLAWOCK CITY	52,653	35,141	32,880	120,674
KODIAK ISLAND BOROUGH	531,243	505,357	295,920	1,332,520
KUSPUK	176,366	139,190	21,920	337,476
LAKE AND PENINSULA BOROUGH	272,547	167,304	21,920	461,771
LOWER KUSKOKWIM	857,431	1,203,227	690,480	2,751,138
LOWER YUKON	1,081,173	647,504	153,440	1,882,117
MATANUSKA-SUSITNA BOROUGH	897,387	2,512,101	2,476,960	5,886,448
NENANA CITY	19,455	102,846	32,880	155,181
NOME CITY	108,161	166,305	32,880	307,346
NORTH SLOPE BOROUGH	533,551	463,994	98,640	1,096,185
NORTHWEST ARCTIC BOROUGH	632,040	603,794	219,200	1,455,034
PELICAN CITY	6,266	6,691	-	12,957
PETERSBURG CITY	154,657	117,874	131,520	404,051
PRIBILOF	41,110	34,918	-	76,028
SAINT MARY'S	65,073	55,193	21,920	142,186
SITKA BOROUGH	267,655	261,176	394,560	923,391
SKAGWAY CITY	4,561	27,533	32,880	64,974
SOUTHEAST ISLAND	87,826	62,880	32,880	183,586
SOUTHWEST REGION	239,790	216,474	65,760	522,024
TANANA	22,753	21,525	21,920	66,198
UNALASKA CITY	89,751	91,536	21,920	203,207
VALDEZ CITY	60,511	134,682	87,680	282,873
WRANGELL PUBLIC	63,259	65,481	21,920	150,660
YAKUTAT	59,961	30,240	-	90,201
YUKON FLATS	206,705	131,892	10,960	349,557
YUKON/KOYUKUK	169,057	218,074	87,680	474,811
YUPIIT	164,880	154,848	21,920	341,648
Mt. Edgocumbe	79,307	64,793	-	144,100
Total	12,447,127	23,001,225	21,043,200	56,491,552

School Districts	1/4 Increase of remaining 50% ISER	BSA increase by \$100 to \$5,680	Intensive Multiplier from x11 to x13	YEAR 3 FY 2011 funding
ALASKA GATEWAY	154,617	121,049	66,960	342,626
ALEUTIAN REGION	20,761	26,944	-	47,705
ALEUTIANS EAST BOROUGH	233,353	108,612	-	341,965
ANCHORAGE	0	7,315,832	9,285,120	16,600,952
ANNETTE ISLAND	110,241	61,732	11,160	183,133
BERING STRAIT	1,070,291	635,431	223,200	1,928,922
BRISTOL BAY BOROUGH	49,357	49,142	22,320	120,819
CHATHAM	112,143	56,826	44,640	213,609
CHUGACH	24,733	38,939	-	63,672
COPPER RIVER	97,202	138,569	100,440	336,211
CORDOVA CITY	61,276	85,012	66,960	213,248
CRAIG CITY	80,247	112,302	111,600	304,149
DELTA/GREELY	125,686	195,132	78,120	398,938
DENALI BOROUGH	8,282	97,552	33,480	139,314
DILLINGHAM CITY	53,442	116,670	89,280	259,392
FAIRBANKS NORTH STAR BOROUGH	421,043	2,395,456	3,202,920	6,019,419
GALENA CITY	14,103	338,210	-	352,313
HAINES BOROUGH	71,965	73,576	89,280	234,821
HOONAH CITY	62,396	39,218	44,640	146,254
HYDABURG CITY	44,209	20,867	-	65,076
IDITAROD AREA	126,974	92,582	-	217,556
JUNEAU BOROUGH	670,121	922,575	1,517,760	3,110,456
KAKE CITY	60,101	29,461	22,320	111,882
KASHUNAMIUT	91,662	96,040	66,960	254,662
KENAI PENINSULA BOROUGH	1,449,923	1,585,078	1,004,400	4,039,401
KETCHIKAN GATEWAY BOROUGH	388,083	398,156	223,200	1,009,439
KLAWOCK CITY	53,665	36,700	33,480	123,845
KODIAK ISLAND BOROUGH	540,854	520,422	301,320	1,362,596
KUSPUK	179,520	142,793	22,320	344,638
LAKE AND PENINSULA BOROUGH	277,561	172,664	22,320	472,545
LOWER KUSKOKWIM	873,031	1,231,428	703,080	2,807,539
LOWER YUKON	1,100,845	669,976	156,240	1,927,061
MATANUSKA-SUSITNA BOROUGH	913,658	2,573,628	2,522,160	6,009,446
NENANA CITY	19,754	103,799	33,480	157,033
NOME CITY	110,185	168,874	33,480	312,539
NORTH SLOPE BOROUGH	543,204	475,501	100,440	1,119,145
NORTHWEST ARCTIC BOROUGH	643,540	619,294	223,200	1,486,034
PELICAN CITY	6,379	6,805	-	13,184
PETERSBURG CITY	157,471	123,088	133,920	414,479
PRIBILOF	41,746	35,664	-	77,410
SAINT MARY'S	66,201	56,776	22,320	145,297
SITKA BOROUGH	272,525	273,246	401,760	947,531
SKAGWAY CITY	4,702	28,217	33,480	66,399
SOUTHEAST ISLAND	89,536	65,080	33,480	188,096
SOUTHWEST REGION	244,209	222,038	66,960	533,207
TANANA	23,223	22,340	22,320	67,883
UNALASKA CITY	91,326	93,568	22,320	207,214
VALDEZ CITY	61,667	137,384	89,280	288,331
WRANGELL PUBLIC	64,410	67,032	22,320	153,762
YAKUTAT	61,109	31,332	-	92,441
YUKON FLATS	210,353	135,851	11,160	357,364
YUKON/KOYUKUK	172,133	222,750	89,280	484,163
YUPIIT	167,880	158,248	22,320	348,448
Mt. Edgecumbe	80,695	66,235	-	146,930
Total	12,673,593	23,611,701	21,427,200	57,712,494

YEAR 4 - FY 2012
 1/4 Increase of
 remaining 50% ISER

School Districts	
ALASKA GATEWAY	157,381
ALEUTIAN REGION	21,075
ALEUTIANS EAST BOROUGH	237,579
ANCHORAGE	0
ANNETTE ISLAND	112,325
BERING STRAIT	1,089,473
BRISTOL BAY BOROUGH	50,295
CHATHAM	114,148
CHUGACH	25,063
COPPER RIVER	98,883
CORDOVA CITY	62,314
CRAIG CITY	81,681
DELTA/GREELY	127,989
DENALI BOROUGH	8,544
DILLINGHAM CITY	54,511
FAIRBANKS NORTH STAR BOROUGH	428,567
GALENA CITY	14,410
HAINES BOROUGH	73,307
HOONAH CITY	63,397
HYDABURG CITY	44,941
IDITAROD AREA	129,242
JUNEAU BOROUGH	682,153
KAKE CITY	61,232
KASHUNAMIUT	93,300
KENAI PENINSULA BOROUGH	1,475,778
KETCHIKAN GATEWAY BOROUGH	395,018
KLAWOCK CITY	54,567
KODIAK ISLAND BOROUGH	550,574
KUSPUK	182,841
LAKE AND PENINSULA BOROUGH	282,522
LOWER KUSKOKWIM	888,634
LOWER YUKON	1,120,517
MATANUSKA-SUSITNA BOROUGH	930,101
NENANA CITY	20,163
NOME CITY	112,098
NORTH SLOPE BOROUGH	552,967
NORTHWEST ARCTIC BOROUGH	655,097
PELICAN CITY	6,493
PETERSBURG CITY	160,286
PRIBILOF	42,607
SAINT MARY'S	67,498
SITKA BOROUGH	277,453
SKAGWAY CITY	4,727
SOUTHEAST ISLAND	91,021
SOUTHWEST REGION	248,630
TANANA	23,639
UNALASKA CITY	93,073
VALDEZ CITY	62,771
WRANGELL PUBLIC	65,504
YAKUTAT	62,143
YUKON FLATS	214,170
YUKON/KOYUKUK	175,095
YUPIIT	170,994
Mt. Edgecumbe	82,192
Total	12,900,983

YEAR 5 - FY 2013
 1/4 Increase of
 remaining 50% ISER

School Districts	
ALASKA GATEWAY	153,222
ALEUTIAN REGION	18,684
ALEUTIANS EAST BOROUGH	237,523
ANCHORAGE	0
ANNETTE ISLAND	109,534
BERING STRAIT	1,089,360
BRISTOL BAY BOROUGH	50,239
CHATHAM	114,090
CHUGACH	26,201
COPPER RIVER	88,003
CORDOVA CITY	66,016
CRAIG CITY	75,187
DELTA/GREELY	120,413
DENALI BOROUGH	0
DILLINGHAM CITY	45,397
FAIRBANKS NORTH STAR BOROUGH	321,482
GALENA CITY	7,177
HAINES BOROUGH	73,251
HOONAH CITY	63,453
HYDABURG CITY	42,492
IDITAROD AREA	129,185
JUNEAU BOROUGH	606,282
KAKE CITY	62,314
KASHUNAMIUT	90,054
KENAI PENINSULA BOROUGH	1,405,488
KETCHIKAN GATEWAY BOROUGH	413,814
KLAWOCK CITY	51,549
KODIAK ISLAND BOROUGH	506,489
KUSPUK	173,216
LAKE AND PENINSULA BOROUGH	272,155
LOWER KUSKOKWIM	807,864
LOWER YUKON	1,099,385
MATANUSKA-SUSITNA BOROUGH	697,531
NENANA CITY	15,664
NOME CITY	92,388
NORTH SLOPE BOROUGH	537,590
NORTHWEST ARCTIC BOROUGH	674,349
PELICAN CITY	5,696
PETERSBURG CITY	149,918
PRIBILOF	42,548
SAINT MARY'S	67,383
SITKA BOROUGH	244,073
SKAGWAY CITY	3,532
SOUTHEAST ISLAND	88,460
SOUTHWEST REGION	240,998
TANANA	24,265
UNALASKA CITY	85,496
VALDEZ CITY	43,859
WRANGELL PUBLIC	62,200
YAKUTAT	60,776
YUKON FLATS	214,112
YUKON/KOYUKUK	166,835
YUPIIT	165,526
Mt. Edgcomb	72,284
Total	12,075,002

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 273(FIN)
(H) Publish Date: 2/08/08

Identifier (file name): CSHB273:CSHB273-EED-ESS-02-11-08 Dept. Affected: Education & Early Development
Title: An Act relating to school funding, funding for student transportation services, the base student allocation, RDU: K-12 Support
Sponsor: Representative Hawker Component: Pupil Transportation
Requester: Senate Finance Component Number: 144

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	5,497.6	0.0	1,848.7	1,948.3				
Miscellaneous								
TOTAL OPERATING	5,497.6	0.0	1,848.7	1,948.3	0.0	0.0	0.0	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF	5,497.6	0.0	1,848.7	1,948.3			
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	5,497.6	0.0	1,848.7	1,948.3	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill will recalibrate the per-child-cost for the Pupil Transportation Grants based on FY2007 actual expenditures. The recalibration also takes into account CPI increases for FY2008 and FY2009. Then in FY2010 and FY2011 increases each year are based on the Anchorage CPI index provided by the Department of Labor and Workforce Development.
*Based on FY09 Projected ADM

Prepared by: Eddy Jeans, Director
Division: School Finance
Approved by: Barbara Thompson, Interim Commissioner

Phone: 465-8679
Date/Time: 2/6/08 12:00 AM
Date: 2/6/2008

Department of Education & Early Development
 Recalibration of Rates
 Pupil Transportation
 February 6, 2008

CSHB 273(FIN) - Fiscal Note #3

DISTRICT	FY2007 ADM	Audited State Revenues *	Audited Expenditures *	Difference	Recalibrated FY2009 per-child-cost w/ 08 & 09 CPI	FY2009 ADM	FY2009 Projection
ALASKA GATEWAY	374.10	459,021	550,000	(90,979)	1,566	338.25	529,700
ALEUTIAN REGION	42.00	N/A			0	39.00	0
ALEUTIANS EAST	233.00	51,959	57,928	(5,969)	265	262.00	69,430
ANCHORAGE	47,850.98	17,082,693	17,236,133	(153,440)	384	46,888.00	18,004,992
ANNETTE ISLAND	282.35	26,541	16,077	10,464	61	272.00	16,592
BERING STRAIT	1,672.45	73,588	70,487	3,101	45	1,674.00	75,330
BRISTOL BAY	188.10	367,899	386,335	(18,436)	2,187	171.00	373,977
CHATHAM	193.07	13,708	13,235	473	73	160.15	11,691
CHUGACH	66.70	N/A			0	73.00	0
COPPER RIVER	511.55	627,673	666,321	(38,648)	1,387	484.00	671,308
CORDOVA	420.50	73,167	109,644	(36,477)	278	393.00	109,254
CRAIG	347.55	127,551	86,948	40,603	266	338.70	90,094
DELTA/GREELY	883.15	1,083,625	1,171,651	(88,026)	1,413	862.00	1,218,006
DENALI	243.10	292,449	389,920	(97,471)	1,708	252.00	430,416
DILLINGHAM	531.43	449,058	508,895	(59,837)	1,020	512.00	522,240
FAIRBANKS	14,161.79	8,794,472	8,837,951	(43,479)	665	13,775.00	9,160,375
GALENA	226.55	51,200	51,200	0	241	240.00	57,840
HAINES	279.75	154,982	155,603	(621)	592	290.00	171,680
HOONAH	152.95	29,061	40,330	(11,269)	281	124.00	34,844
HYDABURG	79.60	N/A			0	76.00	0
IDITAROD	243.75	35,100	40,625	(5,525)	178	204.00	36,312
JUNEAU	5,072.47	1,983,328	2,500,921	(517,593)	525	4,925.00	2,585,625
KAKE	103.55	18,778	18,778	0	193	91.00	17,563
KASHUNAMIUT	339.20	3,392	1,470	1,922	5	332.00	1,660
KENAI PENINSULA	8,586.86	4,542,449	5,147,858	(605,409)	638	8,039.00	5,128,882
KEETCHIKAN	2,225.30	1,250,619	1,432,984	(182,365)	686	2,248.00	1,542,128
KLAWOCK	140.45	27,669	27,669	0	210	134.00	28,140
KODIAK	2,554.32	1,159,661	1,342,090	(182,429)	560	2,590.00	1,450,400
KUSPUK	396.60	218,130	230,302	(12,172)	618	384.00	237,312
LAKE & PENINSULA	378.45	102,938	127,704	(24,766)	359	363.00	130,317
LOWER KUSKOKWIM	3,961.85	598,239	735,955	(137,716)	198	4,008.00	793,584
LOWER YUKON	1,968.30	3,937	1,568	2,369	1	2,042.75	2,043
MAT-SU	14,578.60	11,079,736	9,938,088	1,141,648	726	14,801.00	10,745,526
NENANA	215.05	126,449	106,984	19,465	530	215.00	113,950
NOME	744.55	278,462	257,550	20,912	368	798.00	293,664
NORTH SLOPE	1,623.00	731,973	1,365,373	(633,400)	896	1,615.00	1,447,040
NORTHWEST ARCTIC	1,976.15	45,451	39,227	6,224	21	1,943.00	40,803
PELICAN	14.95	957	957	0	68	17.00	1,156
PETERSBURG	588.55	140,708	144,500	(3,792)	261	548.00	143,028
PRIBILOF	123.00	N/A			0	111.00	0
ST. MARY'S	185.35	741	12,354	(11,613)	71	185.00	13,135
SITKA	1,417.77	586,957	537,524	49,433	404	1,335.00	539,340
SKAGWAY	99.50	3,085	3,195	(110)	34	100.00	3,400
SOUTHEAST ISLAND	184.90	226,872	180,594	46,278	1,040	151.00	157,040
SOUTHWEST REGION	673.65	218,930	357,671	(138,735)	565	661.10	373,522
TANANA	53.95	21,580	22,834	(1,254)	451	57.00	25,707
TINALASKA	385.75	210,234	221,759	(11,525)	612	400.00	244,800
VAL DE Z	748.35	360,705	441,918	(81,213)	629	716.00	450,364
WRANGELL	354.74	155,731	187,515	(31,784)	563	340.00	191,420
YAKUTAT	117.75	52,752	75,499	(22,747)	683	105.00	71,715
YUKON FLATS	265.88	69,660	59,147	10,513	237	283.59	67,211
YUKON-KOYUKUK	346.20	115,285	91,749	23,536	282	323.10	91,114
YUPIK	458.25	917	917	0	2	493.00	980
TOTALS		54,130,078	56,001,937	(1,871,859)			58,516,656

* Note: Recalibration is based on FY2007 Audited Financial Statements

FY2009 Budget 53,019,030
 Difference 5,497,626

Department of Education & Early Development
 Recalibration of Rates
 Pupil Transportation
 February 6, 2008

CSHB 273(FIN) - Fiscal Note #3

DISTRICT	FY2010 per-child-cost W/ CPI increase	FY2010 Projection W/ CPI increase	FY2011 per-child-cost W/ CPI increase	FY2011 Projection W/ CPI increase
ALASKA GATEWAY	1,616	546,612	1,668	564,201
ALEUTIAN REGION	0	0	0	0
ALEUTIANS EAST	273	71,526	282	73,884
ANCHORAGE	396	18,567,648	409	19,177,192
ANNETTE ISL/ NO	63	17,136	65	17,680
BERING STRAIT	46	77,004	47	78,678
BRISTOL BAY	2,257	385,947	2,329	398,259
CHATHAM	75	12,011	77	12,332
CHUGACH	0	0	0	0
COPPER RIVER	1,431	692,604	1,477	714,868
CORDOVA	287	112,791	296	116,328
CRAIG	275	93,143	284	96,191
DELTA/GREELY	1,458	1,256,796	1,505	1,297,310
DENALI	1,763	444,276	1,819	458,388
DILLINGHAM	1,053	539,136	1,087	556,544
FAIRBANKS	686	9,449,650	708	9,752,700
GALENA	249	59,760	257	61,680
HAINES	611	177,190	631	182,990
HOONAH	290	35,960	299	37,076
HYDABURG	0	0	0	0
IDITAROD	184	37,536	190	38,760
JUNEAU	542	2,669,350	559	2,753,075
KAKE	199	18,109	205	18,655
KASHUNAMIUT	5	1,660	5	1,660
KENAI PENINSULA	658	5,289,662	679	5,458,481
KE*CHIKAN	708	1,591,584	731	1,643,288
KLAWOCK	217	29,078	224	30,016
KODIAK	578	1,497,020	596	1,543,640
KUSPUK	638	244,992	658	252,672
LAKE & PENINSULA	370	134,310	382	138,666
LOWER KUSKOKWIM	204	817,632	211	845,688
LOWER YUKON	1	2,043	1	2,043
MAT-SU	749	11,085,949	773	11,441,173
NENANA	547	117,605	565	121,475
NOME	380	303,240	392	312,816
NORTH SLOPE	925	1,493,875	955	1,542,325
NORTHWEST ARCTIC	22	42,746	23	44,689
PELICAN	70	1,190	72	1,224
PETERSBURG	269	147,412	278	152,344
PRIBILOF	0	0	0	0
ST MARY'S	73	13,505	75	13,875
SITKA	417	556,695	430	574,050
SKAGWAY	35	3,500	36	3,600
SOUTHEAST ISLAND	1,073	162,023	1,107	167,157
SOUTHWEST REGION	583	385,421	602	397,982
TANANA	465	26,505	480	27,360
UNALASKA	632	252,800	652	260,800
VALDEZ	649	464,684	670	479,720
WRANGELL	581	197,540	600	204,000
YAKUTAT	705	74,025	728	76,440
YUKON FLATS	245	69,480	253	71,748
YUKON/KOYUKUK	291	94,022	300	96,930
YUPIIT	2	986	2	986
TOTALS		60,365,369		62,313,639

* Note: Recalibration is based on FY2007 Audited Financial Statements

Difference

from prior year

1,848,713

1,948,270

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 273
(H) Publish Date: 1/24/08

Identifier (file name): _____ Dept. Affected: Education & Early Development
Title: An Act relating to school funding, the based student RDU: K-12 Support
allocation, district cost factors, and the adjustments for... Component: AK Challenge Youth Academy
Sponsor: Representative Hawker
Requester: Joint Legislative Education Funding Task Force Component Number: 2837

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	161.8	0.0	161.8	161.8			
Miscellaneous							
TOTAL OPERATING	161.8	0.0	161.8	161.8	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES ()							
-------------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	161.8	0.0	161.8	161.8	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	161.8	0.0	161.8	161.8	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the BSA for the Alaska Challenge Youth Academy by \$100 for FY09 to \$5,480, FY10 to \$5,580, & FY11 to \$5,680. The resulting increase based on FY09 Projections is \$161,840 each year.

Prepared by: Eddy Jeans, Director
Division: School Finance
Approved by: Barbara Thompson, Interim Commissioner
Education & Early Development

Phone: 465-8679
Date/Time: 1/18/08 12:00 AM
Date: 1/18/2008

ALASKA CHALLENGE YOUTH ACADEMY

FY09 Projection

206 x \$5380 x 7 =	7,757,960
294 x \$5380 x 60% =	949,032
less \$2,625,000	(2,625,000)
	6,081,992

Proposed \$100 increase for FY09

206 x \$5480 x 7 =	7,902,160
294 x \$5480 x 60% =	966,672
less \$2,625,000	(2,625,000)
	6,243,832

Proposed FY09 INCREASE \$ 161,840

*adopted
2/29/08*

25-I.S0302VE.1
Bullock
2/21/08

AMENDMENT

1

Stedman

OFFERED IN THE SENATE
TO: CSHB 61(FIN)

- 1 Page 3, lines 2 - 3:
- 2 Delete "the lesser of
- 3 (1) an amount equal to"
- 4
- 5 Page 3, line 4:
- 6 Delete "(A)"
- 7 Insert "(1)"
- 8
- 9 Page 3, line 5:
- 10 Delete "(B)"
- 11 Insert "(2)"
- 12
- 13 Page 3, lines 5 - 6:
- 14 Delete "; or
- 15 (2) 50 percent of the taxpayer's tax liability under this title"
- 16
- 17 Page 3, lines 21 - 22:
- 18 Delete ", in current or emerging employment sectors"
- 19
- 20 Page 7, line 28:
- 21 Delete "2008"
- 22 Insert "2009"

CS FOR HOUSE BILL NO. 61(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/4/07

Referred: Rules

**Sponsor(s): REPRESENTATIVES NEUMAN, Lynn, Buch, Harris, Foster, Nelson, Chennault, Wilson,
Johansen, Roses, Dahlstrom, Joule, Seaton**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to tax credits for cash contributions by taxpayers that are accepted for
2 certain educational purposes, including vocational education programs and courses at
3 the secondary school level and to tax credits for cash contributions by tax payers that
4 are accepted by a state-operated vocational technical education and training school; and
5 providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * Section 1. AS 21.89.070 is repealed and reenacted to read:

8 **Sec. 21.89.070. Insurance tax education credit.** (a) A taxpayer is allowed a
9 credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions
10 accepted

11 (1) for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, by an
13 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or

1 four-year college accredited by a regional accreditation association;

2 (2) for secondary school level vocational education courses and
3 programs by a school district in the state; and

4 (3) by a state-operated vocational technical education and training
5 school.

6 (b) The amount of the credit is the lesser of

7 (1) an amount equal to

8 (A) 50 percent of contributions of not more than \$100,000; and

9 (B) 100 percent of the next \$100,000 of contributions; or

10 (2) 50 percent of the taxpayer's tax liability under this title.

11 (c) Each public college and university shall include in its annual operating
12 budget request contributions received and how the contributions were used.

13 (d) A contribution claimed as a credit under this section may not

14 (1) be claimed as a credit under more than one provision of this title;

15 and

16 (2) when combined with credits taken during the taxpayer's tax year
17 under AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018,
18 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

19 (e) In this section,

20 (1) "school district" has the meaning given in AS 14.03.126;

21 (2) "vocational education" has the meaning given in AS 43.20.014.

22 * **Sec. 2.** AS 43.20.014 is repealed and reenacted to read:

23 **Sec. 43.20.014. Income tax education credit.** (a) A taxpayer is allowed a
24 credit against the tax due under this chapter for cash contributions accepted

25 (1) for direct instruction, research, and educational support purposes,
26 including library and museum acquisitions, and contributions to endowment, by an
27 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
28 four-year college accredited by a regional accreditation association;

29 (2) for secondary school level vocational education courses and
30 programs by a school district in the state; and

31 (3) by a state-operated vocational technical education and training

1 school.

2 (b) The amount of the credit is the lesser of

3 (1) an amount equal to

4 (A) 50 percent of contributions of not more than \$100,000; and

5 (B) 100 percent of the next \$100,000 of contributions; or

6 (2) 50 percent of the taxpayer's tax liability under this title.

7 (c) Each public college and university shall include in its annual operating
8 budget request contributions received and how the contributions were used.

9 (d) A contribution claimed as a credit under this section may not

10 (1) be claimed as a credit under another provision of this title;

11 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax
12 imposed by this chapter; and

13 (3) when combined with credits taken during the taxpayer's tax year
14 under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018,
15 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

16 (e) In this section,

17 (1) "school district" has the meaning given in AS 14.03.126;

18 (2) "vocational education" means organized educational activities that
19 offer a sequence of courses that provides individuals with the academic and technical
20 knowledge and skills the individuals need to prepare for further education and for
21 careers other than careers requiring a baccalaureate, master's, or doctoral degree, in
22 current or emerging employment sectors.

23 * **Sec. 3.** AS 43.55.019 is repealed and reenacted to read:

24 **Sec. 43.55.019. Oil or gas producer education credit.** (a) A producer of oil
25 or gas is allowed a credit against the tax due under this chapter for cash contributions
26 accepted

27 (1) for direct instruction, research, and educational support purposes,
28 including library and museum acquisitions, and contributions to endowment, by an
29 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
30 four-year college accredited by a regional accreditation association;

31 (2) for secondary school level vocational education courses and

1 programs by a school district in the state; and

2 (3) by a state-operated vocational technical education and training
3 school.

4 (b) The amount of the credit is

5 (1) 50 percent of contributions of not more than \$100,000; and

6 (2) 100 percent of the next \$100,000 of contributions.

7 (c) Each public college and university shall include in its annual operating
8 budget request contributions received and how the contributions were used.

9 (d) A contribution claimed as a credit under this section may not

10 (1) be claimed as a credit under another provision of this title; and

11 (2) when combined with credits taken during the taxpayer's tax year
12 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018,
13 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

14 (e) The department may, by regulation, establish procedures by which a
15 taxpayer may allocate a pro rata share of a credit claimed under this section against
16 monthly tax payments made during the tax year.

17 (f) In this section,

18 (1) "school district" has the meaning given in AS 14.03.126;

19 (2) "vocational education" has the meaning given in AS 43.20.014(e).

20 * Sec. 4. AS 43.56.018 is repealed and reenacted to read:

21 **Sec. 43.56.018. Property tax education credit.** (a) The owner of property
22 taxable under this chapter is allowed a credit against the tax due under this chapter for
23 cash contributions accepted

24 (1) for direct instruction, research, and educational support purposes,
25 including library and museum acquisitions, and contributions to endowment, by an
26 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
27 four-year college accredited by a regional accreditation association;

28 (2) for secondary school level vocational education courses and
29 programs by a school district in the state; and

30 (3) by a state-operated vocational technical education and training
31 school.

1 (b) The amount of the credit is

2 (1) 50 percent of contributions of not more than \$100,000; and

3 (2) 100 percent of the next \$100,000 of contributions.

4 (c) Each public college and university shall include in its annual operating
5 budget request contributions received and how the contributions were used.

6 (d) A contribution claimed as a credit under this section may not

7 (1) be claimed as a credit under another provision of this title; and

8 (2) when combined with credits taken during the taxpayer's tax year
9 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018,
10 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

11 (e) In this section,

12 (1) "school district" has the meaning given in AS 14.03.126;

13 (2) "vocational education" has the meaning given in AS 34.20.014(e).

14 * Sec. 5. AS 43.65.018 is repealed and reenacted to read:

15 **Sec. 43.65.018. Mining business education credit.** (a) A person engaged in
16 the business of mining in the state is allowed a credit against the tax due under this
17 chapter for cash contributions accepted

18 (1) for direct instruction, research, and educational support purposes,
19 including library and museum acquisitions, and contributions to endowment, by an
20 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
21 four-year college accredited by a regional accreditation association;

22 (2) for secondary school level vocational education courses and
23 programs by a school district in the state; and

24 (3) by a state-operated vocational technical education and training
25 school.

26 (b) The amount of the credit is

27 (1) 50 percent of contributions of not more than \$100,000; and

28 (2) 100 percent of the next \$100,000 of contributions.

29 (c) Each public college and university shall include in its annual operating
30 budget request contributions received and how the contributions were used.

31 (d) A contribution claimed as a credit under this section may not

1 (1) be claimed as a credit under another provision of this title; and

2 (2) when combined with credits taken during the taxpayer's tax year
3 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018,
4 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

5 (c) In this section,

6 (1) "school district" has the meaning given in AS 14.03.126;

7 (2) "vocational education" has the meaning given in AS 43.20.014(e).

8 * Sec. 6. AS 43.75.018 is repealed and reenacted to read:

9 **Sec. 43.75.018. Fisheries business education credit.** (a) A person engaged in
10 a fisheries business is allowed a credit against the tax due under this chapter for cash
11 contributions accepted

12 (1) for direct instruction, research, and educational support purposes,
13 including library and museum acquisitions, and contributions to endowment, by an
14 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
15 four-year college accredited by a regional accreditation association;

16 (2) for secondary school level vocational education courses and
17 programs by a school district in the state; and

18 (3) by a state-operated vocational technical education and training
19 school.

20 (b) The amount of the credit is

21 (1) 50 percent of contributions of not more than \$100,000; and

22 (2) 100 percent of the next \$100,000 of contributions.

23 (c) Each public college and university shall include in its annual operating
24 budget request contributions received and how the contributions were used.

25 (d) A contribution claimed as a credit under this section may not

26 (1) be claimed as a credit under another provision of this title; and

27 (2) when combined with credits taken during the taxpayer's tax year
28 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018,
29 AS 43.65.018, or AS 43.77.045, exceed \$150,000.

30 (e) In this section,

31 (1) "school district" has the meaning given in AS 14.03.126;

1 (2) "vocational education" has the meaning given in AS 42.20.014(e).

2 * Sec. 7. AS 43.77.045 is repealed and reenacted to read:

3 **Sec. 43.77.045. Floating fisheries business education credit.** (a) In addition
4 to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries
5 business is allowed a credit against the tax due under this chapter for cash
6 contributions accepted

7 (1) for direct instruction, research, and educational support purposes,
8 including library and museum acquisitions, and contributions to endowment, by an
9 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
10 four-year college accredited by a regional accreditation association;

11 (2) for secondary school level vocational education courses and
12 programs by a school district in the state; and

13 (3) by a state-operated vocational technical education and training
14 school.

15 (b) The amount of the credit is

16 (1) 50 percent of contributions of not more than \$100,000; and

17 (2) 100 percent of the next \$100,000 of contributions.

18 (c) Each public college and university shall include in its annual operating
19 budget request contributions received and how the contributions were used.

20 (d) A contribution claimed as a credit under this section may not

21 (1) be claimed as a credit under another provision of this title; and

22 (2) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018,
24 AS 43.65.018, or AS 43.75.018, exceed \$150,000.

25 (e) In this section,

26 (1) "school district" has the meaning given in AS 14.03.126;

27 (2) "vocational education" has the meaning given in AS 43.20.014(e).

28 * Sec. 8. This Act takes effect January 1, 2008.

Representative Mike Hawker

Alaska State Legislature



House Bill 273 Sponsor Statement CS HB 273 (FIN)

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whitier
Summit
Hope

Short Title: Education Funding

HB 273 enacts the three year education funding plan recommended by the Joint Legislative Education Funding Task Force. The bill makes the following changes to our education funding formula statutes:

Pupil Transportation: Recalibrates the funding for pupil transportation based on the most recent audits by the Department of Education and Early Development. The amounts will be adjusted according to the Consumer Price Index (CPI) for Anchorage. This change allows the funding to match the amounts agreed to in contract. The CPI adjustment will sunset in 2011, which is when the current contracts expire. The projected cost for FY09 is \$5,497,600.

Declining Enrollment: New statute that provides for a "step-down" for declining enrollment over three years. If the current ADM decreases by five percent or more from the previous year's ADM, the district can add 75% of the difference in the first year, 50% of the difference in the second year and 25% difference in the third year to their ADM. This step-down mechanism would not apply to a loss resulting from a boundary change under AS 29. The projected cost for FY09 is \$422,994.

Intensive Needs Students: Currently, school districts receive five (5) times the BSA for each intensive needs student. HB 273 would increase that amount to Nine (9) times BSA multiplier for fiscal year 2009 (+\$35.4 million); eleven (11) times for fiscal year 2010 (+\$18 million) and thirteen (13) times for fiscal year 2011 (+\$18.3 million) and beyond.

District Cost Factors: HB 273 would phase in 50% of the ISER factors in fiscal year 2009, with the remaining 50% implemented over the four subsequent fiscal years. FY09: +\$48.9 million; FY10: +\$12.6 million; FY11: +\$12.8 million; FY12: +\$13 million; FY13: \$12.2 million.

Base Student Allocation: HB 273 would increase the BSA by \$100 per year from FY08 levels for the next 3 fiscal years. FY09: +\$22.3 million; FY10: +\$22.8 million; FY11: \$23.4 million.

Representative Mike Hawker

Alaska State Legislature



CHANGES TO HOUSE BILL 273

House Finance Committee

Adopted an amendment to add sections 1, 2 and 11, which recalibrates the funding for pupil transportation based on the most recent audits by the Department of Education and Early Development. The amounts will be adjusted according to the Consumer Price Index (CPI) for Anchorage. This change allows the funding to match the amounts agreed to in contract. The CPI adjustment will sunset in 2011, which is when the current contracts expire.

Session:

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Member:

*House Finance Committee
Legislative Budget
& Audit Committee*

House District 32:

*Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope*

CS HB 273 (FIN)
Sectional Analysis

Prepared by Representative Mike Hawker's Office

- Section 1:** Recalibrates the funding for pupil transportation based on the most recent audits by the Department of Education and Early Development.
- Section 2:** Adjusts the pupil transportation amounts in section 1 according to the Consumer Price Index (CPI) for Anchorage. This change allows the funding to match the amounts agreed to in contract.
- Section 3:** Creates a new section in our public school funding statutes that provides a "step-down" for declining enrollment over three years. If the current ADM decreases by five percent or more from the previous year's ADM, the district can add 75% of the difference in the first year, 50% of the difference in the second year and 25% difference in the third year to their ADM. This step-down mechanism would not apply to a loss resulting from a boundary change under AS 29. Effective Date: July 1, 2008.
- Section 4:** Increases intensive needs funding from five times to nine times the Base Student Allocation. Effective Date: July 1, 2008.
- Section 5:** Increases intensive needs funding from nine times to 11 times the Base Student Allocation. Effective Date: July 1, 2009.
- Section 6:** Increases intensive needs funding from 11 times to 13 times the Base Student Allocation. Effective Date: July 1, 2010.
- Section 7:** Phases in the ISER recommendations to change the District Cost Factor. In FY09, 50% of ISER is implemented, with the remaining 50% implemented over the four subsequent fiscal years.
- Section 8:** Increases the Base Student Allocation by \$100, to \$5,480. Effective Date: July 1, 2008.
- Section 9:** Increases the Base Student Allocation by \$100, to \$5,580. Effective Date: July 1, 2009.
- Section 10:** Increases the Base Student Allocation by \$100, to \$5,680. Effective Date: July 1, 2010.
- Section 11:** Sunset for the CPI portion of the pupil transportation costs enacted by Section 2 of this bill. The sunset date of June 30, 2011 coincides with the end of the current contract.
- Section 12:** Effective date of July 1, 2008 for sections 3, 4, 7, and 8.
- Section 13:** Effective date of July 1, 2009 for sections 5 and 9.
- Section 14:** Effective date of July 1, 2010 for sections 6 and 10.

Alaska K-12 Foundation Funding

