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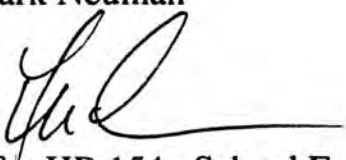
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ALASKA STATE LEGISLATURE



REPRESENTATIVE LES GARA

MEMORANDUM

DATE: February 23, 2005
TO: Representative Mark Neuman
FROM: Rep. Les Gara 
RE: Hearing Request for HB 154, School Formula Funding

I respectfully request that HB 154, School Formula Funding, be scheduled for hearing in the House Special Committee on Education. Please feel free to contact me, or my aide Cindy Smith, with questions or thoughts at 465-2647.

Attached you will find a background packet for HB 154. This includes the original bill, a sponsor s statement, and backup materials.

Thank you for your consideration.

SPONSOR STATEMENT

House Bill 154 Education Formula Funding

House Bill 154 addresses needed increases to the K-12 education formula funding. The bill would increase the base student allocation to \$5,120. It would also require that at a minimum the foundation formula is inflation-proofed in each subsequent year.

Until last year, the school formula fund allocation had lagged behind inflation for more than five years running. Many schools around Alaska made substantive cuts to their curriculum and programs during that time.

Even with last year's increase, schools are still struggling to meet increased costs in PERS/TERS, in fuel costs, and in increased requirements imposed by the federal No Child Left program.

In testimony before committees, and in letters to the legislature many districts have indicated that in order to make even modest progress in the coming year, the foundation formula needs a significant increase.

House Bill 154 will provide funds so that schools, rather than cutting staff or struggling to stay even, will be able to make modest improvements. The base student allocation in HB 154 has been supported by Alaska Kids Count!, by the Anchorage School District, the Juneau School District, the Kake School District and others.

**KAKE CITY SCHOOL DISTRICT
RESOLUTION #021605-01**

**RESOLUTION IN SUPPORT OF INCREASED STATE FUNDING FOR
STUDENTS ATTENDING ALASKA PUBLIC SCHOOL DISTRICTS**

WHEREAS, state funding for public schools is essential to maintain an education system that meets the needs of the children of Alaska; and

WHEREAS, Governor Frank Murkowski has recognized the importance of increasing public school funding by recommending that foundation formula funding for public schools be increased; and

WHEREAS, public school students will require adequate education programs in order to meet student achievement requirements imposed under both state and federal law; and

WHEREAS, adequate education programs will require a significant increase in state education funding to allow school districts to have the education resources to meet student needs; and

WHEREAS, school districts are experiencing increased fixed costs in their retirement systems and in other areas including fuel and electricity; and

WHEREAS, improvements to the public school system require a combination of strategies including improving instructional quality, developing curricular offerings to meet the needs of all students, providing adequate opportunities for participation in Fine Arts curriculum, and providing adequate employee compensation; and

WHEREAS, providing increased education funding benefits all the public schools in the state and all residents of the state by developing our most precious natural resource - children, and providing a foundation for economic growth; and

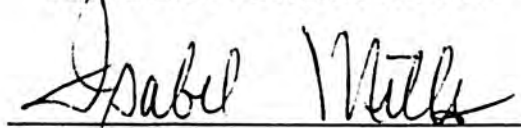
WHEREAS, in order to prevent program cuts, and to assure a maintenance level of public school funding, public school funding will need to be increased by \$112 million dollars for the next fiscal year;

BE IT RESOLVED, that the Kake City School District strongly supports increasing state support for public schools; and

BE IT FURTHER RESOLVED, that the Kake City School District requests the Governor and legislature to increase the base student allocation in the foundation formula to \$5,120, which would provide an additional \$112 million dollars in state support for public schools.

DATED this 16th day of February 2005.

KAKE CITY SCHOOL BOARD

A handwritten signature in cursive script, appearing to read "Isabel Mills", is written over a horizontal line.

Isabel Mills, President

Stanley Adams, Vice President
Kimberly Moler, Secretary/Treasurer
Delbert Kadake, Member
Patti Handy, Member

Eric Gebhart, Superintendent

**ANCHORAGE SCHOOL DISTRICT
ASDR 2004-2005-10**

**RESOLUTION IN SUPPORT OF INCREASED STATE FUNDING OF THE
ALASKA PUBLIC SCHOOL FUNDING PROGRAM**

WHEREAS, state funding for public schools is essential to maintain an education system that meets the needs of the children of Alaska; and

WHEREAS, Governor Frank Murkowski has recognized the importance of increasing public school funding by recommending that foundation formula funding for public schools be increased; and

WHEREAS, public school students will require adequate education programs in order to meet student achievement requirements imposed under both state and federal law; and

WHEREAS, adequate education programs will require a significant increase in state education funding to allow school districts to have the education resources to meet student needs; and

WHEREAS, school districts are experiencing increased fixed costs in their retirement systems and in other area including fuel and electricity; and

WHEREAS, improvements to the public school system require a combination of strategies including improving instructional quality, decreasing class sizes, providing safe and efficient transportation, and providing adequate employee compensation; and

WHEREAS, providing increased education funding benefits all the public schools in the state and all residents of the state by developing our most precious natural resource - children, and providing a foundation for economic growth; and

WHEREAS, in order to prevent program cuts, to assure a maintenance level of public school funding, and to make modest reduction in class sizes, public school funding will need to be increased by \$112 million dollars for the next fiscal year;

BE IT RESOLVED, that the Anchorage School District strongly supports increasing state support for public schools; and

BE IT FURTHER RESOLVED, that the Anchorage School District requests the Governor and legislature to increase the base student allocation in the foundation formula to \$5,120, which would provide an additional \$112 million dollars in state support for public schools.

DATED this 7th day of February 2005.

ANCHORAGE SCHOOL BOARD

Tim Steele
Tim Steele, President

Crystal Kennedy
Jake Metcalfe
Macon Roberts

John Steiner
Jeff Friedman
Mary Marks

Carol Comeau, Superintendent

**CITY AND BOROUGH OF JUNEAU
BOARD OF EDUCATION
RESOLUTION #05-05**

A RESOLUTION ON STUDENT FUNDING

WHEREAS, the Governor recognizes the challenge of creating a quality educational system and desires to continue to improve education; and

WHEREAS, the Governor said in the State of the State Address: "...increases in the retirement system costs and unforeseen energy expenses have put too great a burden on local governments in the short term," and he introduced a funding bill to increase the foundation funding by \$62 million resulting in a base allocation of \$4,880; and

WHEREAS, increasing student achievement and improving school performance (required by both the No Child Left Behind Act and Alaska statute and standards) will require schools to go beyond status quo operations and institute new or improved programs over the long term to address the specific unique needs of each student; and

WHEREAS, increasing student achievement and improving school performance require resources *beyond* those needed to simply address the increased costs of the retirement system and the unforeseen energy expenses; and

WHEREAS, the City and Borough of Juneau School District recognizes that improving student achievement will require at a minimum a combination of the following strategies and at a cost of \$5,120 base student allocation (BSA):

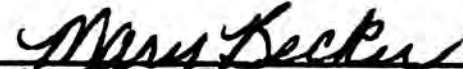
- reduce pupil teacher ratio
- support students to meet district, state and federal achievement expectations
- enhance graduation rate; and

WHEREAS, reaching a level of truly adequate foundation funding that will lower pupil teacher ratio, increase student achievement and improve school performance will require a reasonable and dependable trend of funding increases over a number of years; and

WHEREAS, the Association of Alaska School Boards (AASB) \$4,995 is a base that relates to a financial trend line and whereas we accept the positive trend line, the Juneau School District's financial needs for its students requires more than this base student allocation;

NOW THEREFORE BE IT RESOLVED, that the City and Borough of Juneau School District respectfully requests that the Legislature and the Governor approve additional funding beyond a base student allocation proposed by AASB in order to put children first in the State of Alaska.

ATTEST:


Mary Becker, President


Rhonda Belfort, Clerk

Alaska Kids Count! Juneau

Our Goals for Foundation and Local Funding for Public Schools

Juneau's class sizes continue to grow and as a result the quality of our children's education continues to erode. For example, Harborview School has a kindergarten class with 26 children and Auke Bay School has a third grade class with 30 children this year. As parents, we see the need for smaller class sizes and know how fewer children in a classroom allow teachers more time for individual attention to meet each child's learning needs.

Alaska Kids Count supports reducing average class size to reach the Juneau School Board's published class size goals. These are modest ratios and do not reflect an ideal.

<u>Grades</u>	<u>Board Goal</u>	<u>Current Average Class Size</u>
K-2	20	K-5 combined at 25
3-5	25	
6-8	30	32
9-12	30	32

Alaska Kids Count also supports meeting specific instructional needs that affect the classroom such as special education and English as a Second Language, and matching requirements for independent Arts for Kids grant initiatives. These services directly impact the quality of education available to Juneau's students.

To meet these goals, **Alaska Kids Count** supports an increase in Foundation funding of approximately \$112 million statewide, \$50 million more than the Governor's proposed funding level. This would generate an increase of approximately \$1.8 million in state education funding for Juneau. This requires an estimated Base Student Allocation of \$5120.

The Governor's proposal is a \$62 million increase with \$38 million for retirement and \$24 million to compensate for inflation. Even assuming a \$900 thousand local contribution (to the "cap"), the Governor's proposal requires \$600 thousand in cuts to Juneau's schools. While **Alaska Kids Count** appreciates the Governor's proposal, we ask the Governor and the Legislature to do more for Alaskan students. Our example is specific to Juneau, but is representative of other school districts' needs.



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Alaska's schools seek more money

Students in some classrooms at Juneau-Douglas High School have chairs but are without desks

Gov. Frank Murkowski's proposed increases in education funding aren't enough to stave off cuts, school officials from around the state told the House Education Committee on Tuesday.

Superintendents and school board members talked about rising fuel costs in the Bush, principals who cover three schools near Seward, and large class sizes everywhere.

Students in some classrooms at Juneau-Douglas High School have chairs but not desks, said student Cynthia Katzeek.

"Wow," said Rep. Peggy Wilson, R-Wrangell.

"I think the biggest problem the school has right now is the dropout rate," said JDHS student Audrey Ackerman. "And a major contributing factor is the ratio of students to teachers is too high to provide them with the environment to motivate them to stay in school."

Because of the federal No Child Left Behind Act, schools are under pressure to increase student achievement, said Nick Stayrook, chief information services officer for the school district in Fairbanks. Murkowski has addressed only the minimal level of funding, he said.

The panel did not pass along any of the funding bills it is considering. The committee is scheduled to meet again at 11 a.m. Thursday.

The administration has proposed raising the base student allocation from \$4,576 to \$4,880 next school year and to \$5,190 the year after. Setting two years of funding at once would help school districts plan their budgets, Murkowski has said.

The governor also has asked the Legislature to set the amount of education funding earlier in the legislative session. That way, school districts wouldn't have to send layoff notices to teachers in May only to keep them after state funding is set in June.

Part of Murkowski's proposed funding - about 61 percent - is intended to help districts make increased mandatory payments into employee retirement funds. The rest would cover a year of inflation at nearly 2.5 percent.

Wilson wants to raise the base funding to \$4,901. Rep. Carl Gatto, R-Palmer, would raise it only to \$4,589, but would deal with retirement costs separately.

School district administrators on Tuesday praised Murkowski for supporting early funding and forward funding.

"That truly would be a momentous change in the state, and would stabilize education," said Melody Douglas, chief financial officer for the Kenai Peninsula schools.

But the districts also asked for more money.

The Kenai Peninsula Borough School District asked for a base student allocation of \$5,086 to add 65 employees.

The Kenai Peninsula district cut 70 positions several years ago, partly because of declining enrollments, and now uses regional librarians, principals and counselors, Douglas said.

Under Murkowski's budget, the district would have to dip into its savings or cut costs to balance the budget, she said.

The Anchorage School District recently passed a balanced budget for next school year, assuming Murkowski's level of funding. But it cut 20 teachers and other services, and took \$6.5 million from its reserves, officials said.

Fuel costs for Kodiak Island schools went up 76 cents a gallon, Finance Director Dave Jones said. Murkowski's budget leaves the district short by \$90,000.

Joe Banghart, superintendent of the off-road Iditarod Area School District, said it faces a \$500,000 shortfall next school year, not including a projected jump in fuel costs of 25 percent.

Carol Doyle, superintendent of the Tok-based Alaska Gateway School District, said Murkowski's proposal leaves it \$559,000 short.

The district already has dropped the visual arts and vocational programs at its small schools. The 450-student district cut 11 teachers and about 10 support staff in recent years. Grants have kept the district alive, Doyle said.

She asked for base funding of \$5,362 just to keep the status quo. Cuts worth \$559,000 "in this district would impact every student, and they will not receive anything close to an adequate education," she said.

The Matanuska-Susitna Borough School District, the state's second-largest,

has balanced next year's budget, with no cuts, based on Murkowski's proposal, Superintendent Robert Doyle said. But he asked for a higher level of funding so that programs could be improved.

The Juneau School District, whose officials didn't get a chance to testify Tuesday, faces about \$625,000 in cuts under Murkowski's proposal.

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Anchorage Daily News

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Let 'em have it**School District makes a sound case for eye-catching budget increase***(Published: February 14, 2005)*

Anchorage is blessed with a strong public school system and strong leadership. Superintendent Carol Comeau and the School Board are asking for another \$40 million investment in K-12 public schools, an increase of roughly 8 percent. With inflation running less than 3 percent and enrollment dipping slightly, that increase caused some sticker shock in the community. On close examination, though, the district makes a good case.

*(Peter Dunlap-Shohl)*

Seven major areas account for more than 90 percent of the increase:

- \$11.9 million of special contributions to cover pension shortfalls.
- \$3.1 million to pay raises already negotiated with staff and contractors.
- \$7.9 million for labor and other contracts to be negotiated this year.
- \$2.7 million for special education, largely driven by legal mandates.
- \$2.6 million to open the voter-approved Eagle River High School.
- \$7.3 million in voter-approved debt service.

On that list, the only items where the district has much discretion are current and future labor cost increases. Two-thirds of the \$40 million increase are either voter-approved or legally unavoidable.

On the labor front, Ms. Comeau notes recent district contracts have been austere. Anchorage teacher salaries are now the lowest of the state's five urban districts.

In lean years past, the district had encouraged more experienced teachers to leave because they were more expensive. That "brain drain" was not good for student learning. Ms. Comeau wants the district to attract and keep good talent, both teachers and principals. The money set aside in the budget for coming negotiations is prudent.

As costs increase, current state law would shrink Anchorage's state funding by \$6.2 million. Roughly half that drop is due to special education funding changes. The other half is driven by adjustments arising from increased city property values. Superintendent Comeau and the board believe Gov. Frank Murkowski and the Legislature will increase the state aid formula, netting about \$20 million. That won't cover all the district's increased costs, but it surely will help.

To cover remaining increases, the district will have to collect the full amount allowed under the city's tax cap. The district will take \$6.5 million from reserves for one-time expenses like

technology upgrades and textbooks. The district can draw the money and still meet the recommended levels of reserves for emergencies.

There are cuts in this budget too. Balancing revenues and spending required the district to trim \$3.5 million worth of salaries by slightly increasing the student-teacher ratio.

Superintendent Comeau and the School Board are wrestling to keep up with ever more complicated and expensive demands on a modern, urban school system. Their budget does a fine job for Anchorage students under less-than-ideal financial circumstances.

BOTTOM LINE: The Anchorage School District is asking for a big spending increase but it's a sound and defensible request.

Landmarks

Within a week came word of major changes for Anchorage institutions.

Marc Marlow gained financing to renovate the MacKay Building blight.

The downtown La Mex is going out of business.

So is Brewster's department store in Mountain View.

Anchorage residents who have been around for awhile will remember when other outfits like the Book Cache and Gary King's Sporting Goods were rock-solid parts of the retail scene here. They were names that said "home."

Same for Brewster's and the downtown La Mex.

Going, going, gone.

It does no good to lament their passing. For good or ill, whether done in by time or market forces, their day is done. Artificial preservation would be a bogus exercise. They'll have their places in collective history and individual memories.

There is a chill, however, in the comment by Pat Belarde, an old Brewster's customer: "We're losing all of our stores with personality."

We're not losing them all. But even though Alaskans staff the local outlets of national chains, those don't say "home" the way a homegrown business does.

It's a little curious that Mr. Marlow must preserve the original look of the MacKay Building as a concession to historic preservation while places like the downtown La Mex and Brewster's pass into history. Many in Anchorage would happily consign the "historic" look of the MacKay to history but keep the present trade at La Mex and Brewster's alive.

Win some, lose some. If business doesn't pay, it doesn't stay. The MacKay renaissance is good news; even with an old-look exterior, it should bring new life downtown. But we're losing some good old life downtown and in Mountain View. The least we can do is pay our respects before we carry on.

-- Frank Gerjevic