SCOMM

153:5

25th Alaska State Legislature
Joint Legislative Education Funding Task Force

Chair:
Rep. Mike Hawker
District 32, Anchorage

716 W. 4th Avenue
Anchorage, AK 99501
(907) 269-0244 office
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Members:
Senator
Johnny Ellis

Senator
Lyman Hoffman

Representative
Reggie Joule

Representative
Mike Kelly

Representative
Bob Roses

Carl Rose
Assoc. of Alaska
School Boards

Representative
Paul Seaton

Senator
Bert Stedman

Senator
Gary Stevens

Senator
Gary Wilken

Committee Aide:
Juli Lucky

AGENDA
August 1-2, 2007
9:00 am – 4:30 pm
Lunch break: 12:00 pm - 1:30 pm

Work session to determine recommendations

Chair:
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Gary Stevens

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Gary Wilken

Committee Aides:
Juli Lucky
Charisse Millett
jletf@akleg.org

Joint Legislative Education Funding Taskforce
Work Plan and Schedule
REVISED August 2, 2007
Subject to Change

All meetings are scheduled for the following location and time:
LOCATION: Anchorage Legislative Information Office
TIME: 9:00 am – 4:30 pm, with a lunch break from 12:00 pm – 1:30 pm

Thursday, August 16th
9 am – 12 pm Public testimony on recommendations
1 pm – 4 pm Review and edit draft report/recommendations

Wednesday, August 29th
Work Session - review and finalize report/recommendations

Thursday, August 30th
Work Session - if needed

Friday, August 31st
Final report completed

Joint Legislative Education Funding Task Force
Recommendations Bullet List
DRAFT for Committee Discussion
August 2, 2007

1) Charter school issues
   a) Refer to long-term agenda for further consideration

2) Correspondence school issues
   a) Refer to long-term agenda for further consideration

3) District Cost Factor issues
   a) 50% ISER implementation in statute for FY09
   b) Phase in remaining 50% over four subsequent years
   c) Mechanism to assure cost factors are reviewed and adjusted on a regular basis
      i) "Blue Ribbon Commission" to develop durable and dynamic (updateable) model
         (1) (Details of commission structure and schedule to be determined)
         (2) Consider direct reimbursement methods for energy costs

4) Special Needs 20% block grant issues
   a) No change recommended in this report
   b) Refer to long-term agenda for further consideration
      i) Consider categorical funding for voc-tech programs

5) Intensive Needs Student issues
   a) 9 x BSA for FY09 with annual increases over next two years to 11 and 13
      i) No extraordinary relief provisions

6) Required Local Effort issues
   a) No change recommended (retain 4 mil with taxpayer relief limiting valuations to 50% of post 1999 increases; REAA exemption)
   b) Refer to long-term agenda for further consideration
      i) Consider alternatives to tax payer relief mechanism
         (1) General revenue sharing alternative?
         (2) Limit look back period for valuation changes?
      ii) Consider long-term consequences of mechanism

7) Declining enrollment issues
   a) "Step-down" mechanism to phase in recognition of declining enrollment
      i) Review statutory proposal to be provided by DEED

(1) Beware of unintended consequences

8) Pupil transportation issues
   a) Review and re-calibrate contractual amounts based on FY07 audited costs with recognition of inflationary adjustment in newly negotiated district contracts

9) Moore et al v. State of Alaska issues
   a) Acknowledge the court Decision and Order and constitutional legislative responsibility
   b) Recognize reliance upon authority currently delegated to DEED to continue and conclude the legal process
   c) Legislature evaluates appropriate action in the 2008 session based on facts available at that time

10) Other issues
   a) Early / forward funding
      i) Recommend stand-alone K-12 public education appropriation bill by 60th legislative day
      ii) Endorse continued setting aside of "surplus" revenues in Public Education Fund
      iii) Refer to long-term agenda for further consideration
         (1) Consider solutions to practical problems arising from incompatible state and school district budget cycles
            (a) Consider multiple year BSA determinations

   b) Grants (SIGS/LOGS/Quality schools)
      i) No change recommended to current Quality Schools component of formula
      ii) Recommend basing school funding on a formula that works without other special grants such as SIGS and LOGS
      iii) Refer to long-term agenda for further consideration
         (1) Request DEED to prepare proposal for new statutory program of "innovative" or "best practices" grants based on application and awarded on need and merit

   c) Teacher preparation
      i) Require University of Alaska to submit an annual report to the legislature documenting their efforts to attract, train and retain qualified public education teachers

   d) Voluntary Pre-K program
      i) Refer to long-range agenda for further consideration
         (1) Do not prejudice recommendation for or against Pre-K programs

e) Military Youth Academy funding

i) Legislature to address program funding formula

(1) Revise formula to make more relevant to today's base funding levels

f) Forest Receipts Reduction issue

i) Consider issue at next meeting - presentation by Sen. Stedman

g) Consequences of declining state revenue on education funding levels

i) Identify issue of achieving and sustaining proposed education funding levels in light of economic reality of declining oil production

(1) Recognize dilemma of reducing public services or identifying alternative revenue mechanisms

11) Long-term issues (where do we go from here?)

i) Recommend the legislature create separate Education standing committees in the House and Senate, apart from Health and Social Services to address issues referred to long-term agenda

ii) Recommend the legislature create a public/legislative commission specifically limited to developing a new district cost factor model and present recommendations on that subject to the legislature

(1) Coordinate with recommendations on District Cost Factors

12) Special Session call

a) Recommend that a special session on education funding is not necessary at this time

Joint Legislative Education Funding Task Force
Recommendations Bullet List
Includes Items added during the Task Force Meeting on August 2, 2007

1) Charter school issues
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12) Special Session call

   a) Recommend that a special session on education funding is not necessary at this time

Additional recommendations from the Task Force meeting on August 2, 2007:

13) PERS/TRS issue

   a) Acknowledge that the recommendations adopted were built upon the assumption that Senate Bill 125 passes as it currently exits

14) Base Student Allocation

   a) Increase of $100 for the BSA for each of the next three fiscal years

Updated
7/31/2007

Anchorage School District
Fiscal Year 2005-2006 through FY 2009-2010

PUPIL TRANSPORTATION

	FY 2005-2006 Audited Actuals Budgetary Basis	FY 2006-2007 Revised Budgetary Basis	FY 2006-2007 Unaudited Actuals Budgetary Basis	FY 2007-2008 Projections Budgetary Basis	FY 2008-2009 Projections Budgetary Basis	FY 2009-2010 Projections Budgetary Basis
EXPENDITURES						
Crossing Guards (1075)	$ 64,907	$ 88,609	$ 59,033	$ 88,654	$ 88,654	$ 88,654
Pupil Transportation - Administration (1080)	780,181	838,823	835,277	872,107	921,486	960,825
Bus Operations (1081)	14,675,938	14,912,336	15,262,652	15,608,975	16,008,109	16,585,729
Garage & Bus Maintenance (1082)	1,044,598	1,229,696	1,105,123	1,210,221	1,259,699	1,309,405
	$ 16,565,624	$ 17,069,464	$ 17,262,084 (a)	$ 17,779,957 (a)	$ 18,277,948	$ 18,944,613
Transfer: Debt Service Transfer for Buses (c)	208,750	167,000	167,000	167,000	167,000	
	16,774,374	17,236,464	17,429,084	17,946,957	18,444,948	18,944,613
REVENUES						
State Reimbursement	$ 17,317,199	$ 17,268,270	$ 17,082,693 (b)(d)	$ 17,064,154 (b)(d)	$ 16,928,494 (b)(d)	$ 16,870,000 (b)(d)
Projected Revenues over/(under) Expenditures	$ 542,825	$ 31,806	$ (346,391)	$ (882,803)	$ (1,516,454)	$ (2,074,613)

Notes:

(a) FY 2007-2008 forward does not take into consideration the 90 day medical delay for employees who begin employment after July 1, 2006.
Includes compensation adjustments for settled labor contracts for Bus and Attendants, ACE, TOTEM, and LOCAL 71 through FY 2008-2009; and Maintenance through FY 2007-2008 with estimated amounts thereafter for all bargaining groups. Also assumes contracts with "me too clauses".

(b) Projected revenues are based on the State's FY 2005-2006 per child transportation cost allocation of $357/ADM not including correspondance ADM.

(c) Fund Transfer to Debt Service for the principal amount to be funded by State Pupil Transportation revenues for 20 buses funded by April 2002 and 2003 Bonds.

(d) Projections for FY 2007-2008 through FY 2009-2010. The expenditure projections do not include any bus purchases.

Distributed by Senator Ellis

Joint Legislative Education Funding Task Force
Issues and Recommendations
August 1st & 2nd Work Session

Senator Bert Stedman

1. Charter school issues
   Recommendation: None at this time

2. Correspondence school issues
   Recommendation: None at this time

3. **District Cost Factor issues**

   After careful consideration of the testimony by ISER on their study of District Cost Factors and the adjustments needed along with the Department of Laws presentation on Moore et al v. State lawsuit, it is clear that 100 percent of the ISER recommended District Cost Factor modifications needs to be implemented.

   There is a need to have the entire school funding issue reviewed and possibly entirely changed. The committee has discussed this option and I support it. When you combine the changes the committee will recommend and a total review taking place over the next several years, this gives the legislature a unique opportunity. This opportunity will allow full implantation of ISER and an ability to monitor the results over a relatively short time frame. If the results are positive, i.e. test scores increase, employee turnover decreases, the data will be very useful during a full system rewrite. If we don't see the results the ISER study suggests we should, then we will know that a different funding approach/methodology may be needed.

4. Special Needs block grant issues
   Recommendation: None at this time

5. Intensive Needs Student issues
   Recommendation: None at this time

6. **Require Local Effort issues**

   The required minimum local effort should be the same for all communities in the organized areas, regardless of growth in market values of Real Estate. Growth in Real Estate values are more geographically driven then driven by local economic policy to have growth in market value community.

7. **Declining enrollment issues**

   It will be very useful for budgeting to have a 1 year delay in ADM in the event of declining enrollment. This would have a minimal impact to the State in funding and should be pursued.

8. Pupil transportation issues
   Recommendation: None at this time

9. Moore et al v. State of Alaska issues
   Recommendation: None at this time

10. Other issues
    Issue: Grants (SIGS/LOGS/Quality schools)
        Recommendation: None at this time

    Issue: Pupil Transportation
        Recommendation: None at this time

    Issue: **Loss of Federal Timber Receipts**

    The federal Secure Rural School and Community Self Determination Act (or timber receipts) has been instrumental in filling the fiscal gaps in many Alaskan communities created by the decline in timber sales. President Bush signed an emergency supplemental appropriations bill this year that grants a one-year funding extension for the timber receipts program. As a result, communities in our state will receive nearly $9.0 million in federal assistance for schools and roads this year. That's the same funding level that we received last year. Despite this one year extension, the program is expected to sunset next year. Our Congressional Delegation is working on a proposal to gradually step down timber receipt payments over the next several years - the likelihood of success is questionable.

    The sudden loss of hundreds of thousands of education dollars will be difficult to replace. I think the State needs to build a new component into the current education funding formula that will offset the impact of losing this federal program in the future.

11. Long-term issues
        Recommendation: None at this time

STATE OF ALASKA
FY 07 NATIONAL FOREST RECEIPTS

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads $	15% Projects $	Total Payment
Haines Borough	916,189	$452,417.16	$79,838.32	$532,255.49
City & Borough of Juneau	1,710,625	$844,712.29	$149,066.88	$993,779.17
Ketchikan Gateway Borough	739,514	$365,174.46	$64,442.55	$429,617.02
City & Borough of Sitka	1,796,494	$887,114.69	$156,549.65	$1,043,664.34
City & Borough of Yakutat	1,226,410	$605,605.32	$106,871.53	$712,476.85
Unorganized Borough	10,187,768			
Petersburg		$983,637.64	$190,026.77	$1,173,664.41
Craig		$623,435.71	$120,440.16	$743,875.87
Wrangell		$607,982.28	$117,454.75	$725,437.03
Annette Island - REAA		$450,334.16	$86,999.06	$537,333.22
Southeast Island - REAA		$313,064.88	$60,480.31	$373,545.19
Chatham - REAA		$309,199.88	$59,733.64	$368,933.52
Hoonah		$285,632.47	$55,180.70	$340,813.17
Klawock		$241,582.88	$46,670.86	$288,253.74
Kake		$222,818.84	$43,045.88	$265,864.71
Skagway		$206,273.40	$39,849.50	$246,122.91
Hydaburg		$131,314.20	$25,368.30	$156,682.50
Metlakatla		$107,621.75	$20,791.21	$128,412.96
Thorne Bay		$107,435.66	$20,755.26	$128,190.92
Gustavus		$93,075.75	$17,981.10	$111,056.85
Coffman Cove		$57,508.28	$0.00	$57,508.28
Kasaan		$31,344.60	$0.00	$31,344.60
Pelican		$29,158.21	$0.00	$29,158.21
Angoon		$28,458.09	$0.00	$28,458.09
Tenakee Springs		$9,251.65	$0.00	$9,251.65
Port Alexander		$4,625.83	$0.00	$4,625.83
State		$170,000.00	$0.00	$170,000.00
Total Unorganized Borough		$5,030,753.60	$887,780.05	$5,918,533.65
TOTAL TONGASS PAYMENT	16,577,000	$8,185,777.53	$1,444,548.98	**$9,630,326.51**

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads $	15% Projects $	Total Payment
Municipality of Anchorage	274,923	$7,826.02	$0.00	$7,826.02
Kenai Peninsula Borough	1,094,193	$31,147.56	$0.00	$31,147.56
Kodiak Island Borough	2,492	$70.94	$0.00	$70.94
Matanuska-Susitna Borough	43,386	$1,235.04	$0.00	$1,235.04
City & Borough of Yakutat	420	$10.16	$1.79	$11.96
Unorganized Borough	3,980,725			
Valdez		$67,094.35	$0.00	$67,094.35
Cordova		$37,528.92	$0.00	$37,528.92
Chugach - REAA		$6,838.39	$0.00	$6,838.39
Whittier		$1,854.60	$0.00	$1,854.60
State		$0.00	$0.00	$0.00
Total Unorganized Borough		$113,316.26	$0.00	$113,316.26
TOTAL CHUGACH PAYMENT	5,396,139	$153,605.98	$1.79	**$153,607.77**
TOTAL STATE PAYMENT	21,973,139	$8,339,383.51	$1,444,550.77	**$9,783,934.28**

K-12 Funding for FY08, including the Impact of PERS/TRS Rate Changes and One-Time DCF Increases & SIGs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
				(1)+(2)+(3)			(1)+(5)+(6)	(7)-(4)	(7)/(4)		(7)+(10)	(11)-(4)
School District	FY08 Formula Funding at FY07 Retirement Rates and BSA	School Improvement Grants - SIGs (in addition to Formula)	25% of ISER DCFs (in addition to Formula)	**Total funding in Gov FY08 Budget before Legislative changes**	Additional Cash Available due to Reduction of TRS rate from 26% to 12.56% (State Pays Everything Above 12.56% Directly to DOA)	Additional Cash Available due to Setting PERS rate at 22% (Negative means District Pays More than in FY07; State Pays Positive Values Directly to DOA)	**Funding after Retirement Rate Changes (w/o SIGs and DCF)**	**Change from Governor's Proposed Budget**	**Percent Change from Governor's Budget**	**Impact of 50% ISER DCFs, & Double SIGs**	**Total Cash Impact on Districts (w/Retirement Rate Changes and One-Time DCF & SIGs)**	**Change from Governor's Budget**
Alaska Gateway	5,350,621	33,400	310,324	5,694,345	282,465	(40,312)	5,592,774	(101,571)	-2%	687,448	6,280,222	585,877
Aleutian Region	1,260,566	3,402	23,584	1,287,552	83,188	(649)	1,343,105	55,553	4%	53,972	1,397,077	109,525
Aleutians East Borough	3,414,525	18,873	397,846	3,831,244	287,445	6,813	3,708,783	(122,461)	-3%	833,438	4,542,221	710,977
Anchorage	265,515,050	3,945,302	-	269,460,352	26,643,771	1,253,440	293,412,261	23,951,909	9%	7,890,604	301,302,865	31,842,513
Annette Island	1,844,016	22,870	219,671	2,086,557	258,765	(2,214)	2,100,567	14,010	1%	485,082	2,585,649	499,092
Bering Strait	20,092,216	135,468	2,065,156	22,292,840	1,899,375	(293,353)	21,698,239	(594,601)	-3%	4,401,248	26,099,487	3,806,647
Bristol Bay Borough	1,617,977	15,236	102,794	1,736,007	145,640	(2,610)	1,761,007	25,000	1%	236,060	1,997,067	261,060
Chatham	2,408,957	15,780	258,739	2,683,476	128,154	(6,235)	2,530,876	(152,600)	-6%	549,038	3,079,914	396,438
Chugach	2,031,587	16,170	46,027	2,093,784	169,752	(6,961)	2,194,379	100,595	5%	124,394	2,318,773	224,989
Copper River	6,549,083	45,324	188,536	6,782,943	389,642	7,356	6,946,081	163,138	2%	467,720	7,413,801	630,858
Cordova	3,417,676	34,061	128,370	3,580,107	264,238	(13,967)	3,667,947	87,840	2%	324,862	3,992,809	412,702
Craig	4,741,962	61,089	154,649	4,957,700	320,713	8,971	5,071,646	113,946	2%	431,476	5,503,122	545,422
Delta/Greely	10,140,267	106,901	247,622	10,494,790	573,925	(23,634)	10,690,558	195,768	2%	709,046	11,399,604	904,814
Denali Borough	3,989,753	44,416	13,004	4,047,173	311,439	10,205	4,311,398	264,225	7%	114,840	4,426,238	379,065
Dillingham	4,840,971	43,046	101,607	4,985,624	399,048	(55,862)	5,184,156	198,532	4%	289,306	5,473,462	487,838
Fairbanks N. Star Borough	85,741,301	1,169,801	824,887	87,735,989	8,147,609	(478,007)	93,410,903	5,674,914	6%	3,989,376	97,400,279	9,664,290
Galena	17,599,787	301,902	24,120	17,925,809	591,947	(133,355)	18,058,379	132,570	1%	652,044	18,710,423	784,614
Haines Borough	2,180,726	24,118	135,763	2,340,607	195,703	(6,670)	2,369,759	29,152	1%	319,762	2,689,521	348,914
Hoonah	1,494,178	12,389	136,572	1,643,139	146,381	119,593	1,760,152	117,013	7%	297,922	2,058,074	414,935
Hydaburg	787,257	6,448	52,585	846,290	90,867	(9,652)	868,472	22,182	3%	118,066	986,538	140,248
Iditarod Area	4,736,097	27,378	174,462	4,937,937	263,278	(6,175)	4,993,200	55,263	1%	403,680	5,396,880	458,943
Juneau Borough	26,319,028	417,579	1,253,167	27,989,774	2,979,446	24,970	29,323,444	1,333,670	5%	3,341,492	32,664,936	4,675,162
Kake	950,981	8,388	124,595	1,083,964	93,727	(2,743)	1,041,965	(41,999)	-4%	265,966	1,307,931	223,967
Kashunamiut	3,024,014	27,475	179,741	3,231,230	250,183	(42,884)	3,231,313	83	0%	414,432	3,645,745	414,515
Kenai Peninsula Borough	54,838,057	758,819	2,977,944	58,574,820	5,258,894	(108,017)	59,988,934	1,414,114	2%	7,473,526	67,462,460	8,887,640
Ketchikan Gateway Borough	13,948,298	184,105	760,081	14,892,484	1,379,302	(63,292)	15,264,308	371,824	2%	1,888,372	17,152,680	2,260,196
Klawock	1,267,320	11,376	106,463	1,385,159	150,223	9,046	1,426,590	41,431	3%	235,678	1,662,268	277,109
Kodiak Island Borough	18,369,480	213,501	1,003,602	19,586,583	1,865,120	(132,987)	20,101,613	515,030	3%	2,434,206	22,535,819	2,949,236
Kuspuk	5,436,829	32,125	354,356	5,823,310	351,933	(54,012)	5,734,750	(88,560)	-2%	772,962	6,507,712	684,402
Lake & Peninsula Borough	7,435,119	30,654	548,449	8,014,222	446,827	(17,547)	7,864,400	(149,822)	-2%	1,158,206	9,022,606	1,008,384
Lower Kuskokwim	47,659,626	320,910	1,599,590	49,580,126	3,855,234	(674,504)	50,840,357	1,260,231	3%	3,841,000	54,681,357	5,101,231
Lower Yukon	21,096,121	159,432	2,069,474	23,325,027	1,231,247	(242,786)	22,084,582	(1,240,445)	-5%	4,457,812	26,542,394	3,217,367
Mat-Su Borough	95,453,603	1,283,619	1,604,340	98,341,562	8,522,562	(369,015)	103,607,150	5,265,588	5%	5,775,918	109,383,068	11,041,506

K-12 Funding for FY08, including the Impact of PERS/TRS Rate Changes and One-Time DCF Increases & SIGs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
				(1)+(2)+(3)			(1)+(5)+(6)	(7)-(4)	(7)/(4)		(7)+(10)	(11)-(4)
School District	FY08 Formula Funding at FY07 Retirement Rates and BSA	School Improvement Grants - SIGs (in addition to Formula)	25% of ISER DCFs (in addition to Formula)	**Total funding in Gov FY08 Budget before Legislative changes**	Additional Cash Available due to Reduction of TRS rate from 26% to 12.56% (State Pays Everything Above 12.56% Directly to DOA)	Additional Cash Available due to Setting PERS rate at 22% (Negative means District Pays More than in FY07; State Pays Positive Values Directly to DOA)	**Funding after Retirement Rate Changes (w/o SIGs and DCF)**	**Change from Governor's Proposed Budget**	**Percent Change from Governor's Budget**	**Impact of 50% ISER DCFs, & Double SIGs**	**Total Cash Impact on Districts (w/Retirement Rate Changes and One-Time DCF & SIGs)**	**Change from Governor's Budget**
Nenana	4,363,220	48,555	35,938	4,447,713	245,019	(7,195)	4,601,044	153,331	3%	168,986	4,770,030	322,317
Nome	7,451,085	60,633	195,497	7,707,215	460,170	48,500	7,959,755	252,540	3%	512,260	8,472,015	764,800
North Slope Borough	10,473,573	131,463	1,062,364	11,667,400	1,971,061	(140,690)	12,303,944	636,544	5%	2,387,654	14,691,598	3,024,198
Northwest Arctic Borough	26,110,677	160,068	1,280,795	27,551,540	1,797,386	(34,460)	27,873,603	322,063	1%	2,881,726	30,755,329	3,203,789
Pelican	401,248	1,211	7,267	409,726	17,045	(467)	417,826	8,100	2%	16,956	434,782	25,056
Petersburg	4,353,634	47,673	316,475	4,717,782	389,597	(34,229)	4,709,002	(8,780)	0%	728,296	5,437,298	719,516
Pribilof	1,495,502	9,963	87,631	1,593,096	95,551	13,380	1,604,433	11,337	1%	195,188	1,799,621	206,525
Saint Mary's	2,387,186	15,013	127,939	2,530,138	105,989	(1,672)	2,491,502	(38,636)	-2%	285,904	2,777,406	247,268
Sitka Borough	9,088,107	117,761	541,974	9,747,842	1,001,863	27,744	10,117,714	369,872	4%	1,319,470	11,437,184	1,689,342
Skagway	677,855	8,060	7,933	693,848	98,937	15,861	792,653	98,805	14%	31,986	824,639	130,791
Southeast Island	3,163,711	15,139	112,015	3,290,865	219,025	19,044	3,401,780	110,915	3%	254,308	3,656,088	365,223
Southwest Region	7,962,081	54,566	480,784	8,497,431	636,802	(50,351)	8,548,531	51,100	1%	1,070,700	9,619,231	1,121,800
Tanana	749,593	4,370	43,276	797,239	33,311	(741)	782,163	(15,076)	-2%	95,292	877,455	80,216
Unalaska	2,956,546	31,246	167,815	3,155,607	313,302	(9,830)	3,260,018	104,411	3%	398,122	3,658,140	502,533
Valdez	3,842,277	60,616	117,417	4,020,310	551,497	(137,520)	4,256,254	235,944	6%	356,066	4,612,320	592,010
Wrangell	2,697,221	28,734	128,318	2,854,273	220,855	(19,959)	2,898,118	43,845	2%	314,104	3,212,222	357,949
Yakutat	972,207	9,538	89,750	1,071,495	91,638	(1,307)	1,062,539	(8,956)	-1%	198,576	1,261,115	[illegible]
Yukon Flats	5,135,933	21,536	215,110	5,372,579	277,387	(5,961)	5,407,359	34,780	1%	473,292	5,880,651	508,072
Yukon/Koyukuk	10,248,890	115,559	344,481	10,708,930	642,224	(3,674)	10,887,440	178,510	2%	920,080	11,807,520	1,098,590
Yupiit	5,416,738	37,118	304,443	5,758,299	389,953	(7,372)	5,799,319	41,020	1%	683,122	6,482,441	724,142
Mt. Edgecumbe High School										-		
TOTALS:	**855,500,333**	**10,510,179**	**23,855,342**	**889,865,854**	**77,536,657**	**(1,677,950)**	**931,359,040**	**41,493,186**	5%	**68,731,042**	**1,000,090,082**	**110,224,228**
		10,543,200	[illegible]									

Funding Summary--General Fund Appropriations for FY08 K-12 Foundation

	FY07 Mgt Plan	Governor	CC	Gov to CC	
Formula Funding	892,986,200	851,263,000	852,497,400	1,234,400	
Operating Budget DCFs and SIGs		34,550,500	34,550,500	-	
TRS Direct		172,145,800	247,987,500	75,841,700	
PERS Direct		37,087,500	25,947,500	(11,140,000)	The legislative reduction in PERS direct costs is due a reduction in the ARM Board approved rate from 39.76% t
PERS Hold Harmless				-	Fiscal Note to SB125
Subtotal	892,986,200	1,095,046,800	1,160,982,900	65,936,100	
Additional Funding			34,550,500	34,550,500	SIGs and DCFs in the capital budget
Total	**892,986,200**	**1,095,046,800**	**1,195,533,400**	**100,486,600**	
Change from FY07		202,060,600	302,547,200	100,486,600	Includes direct payments by the State to DOA for retirement costs.
Additional Cash to School Districts		-	112,087,157	112,087,157	Cash includes formula increases plus retirement rate relief.

State's Total TRS/PRS Direct Payment for Districts = 273,935,000

	(13)		
	(11)/(4)	(11)/sum of (11)	
School District	**Percent Change from Governor's Budget**	Share of the Pie -and Change from Governor's Budget	
Alaska Gateway	10%	0.6%	-1.9%
Aleutian Region	9%	0.1%	-3.5%
Aleutians East Borough	19%	0.5%	5.5%
Anchorage	12%	30.1%	-0.5%
Annette Island	24%	0.3%	10.3%
Bering Strait	17%	2.6%	4.2%
Bristol Bay Borough	15%	0.2%	2.4%
Chatham	15%	0.3%	2.1%
Chugach	11%	0.2%	-1.5%
Copper River	9%	0.7%	-2.7%
Cordova	12%	0.4%	-0.8%
Craig	11%	0.6%	-1.2%
Delta/Greely	9%	1.1%	-3.4%
Denali Borough	9%	0.4%	-2.7%
Dillingham	10%	0.5%	-2.3%
Fairbanks N. Star Borough	11%	9.7%	-1.2%
Galena	4%	1.9%	-7.1%
Haines Borough	15%	0.3%	2.2%
Hoonah	25%	0.2%	11.4%
Hydaburg	17%	0.1%	3.7%
Iditarod Area	9%	0.5%	-2.8%
Juneau Borough	17%	3.3%	3.8%
Kake	21%	0.1%	7.4%
Kashunamiut	13%	0.4%	0.4%
Kenai Peninsula Borough	15%	6.7%	2.5%
Ketchikan Gateway Borough	15%	1.7%	2.5%
Klawock	20%	0.2%	6.8%
Kodiak Island Borough	15%	2.3%	2.4%
Kuspuk	12%	0.7%	-0.6%
Lake & Peninsula Borough	13%	0.9%	0.2%
Lower Kuskokwim	10%	5.5%	-1.9%
Lower Yukon	14%	2.7%	1.3%
Mat-Su Borough	11%	10.9%	-1.0%

School District	(13) (11)/(4) Percent Change from Governor's Budget	(11)/sum of (11) Share of the Pie -and Change from Governor's Budget	
Nenana	7%	0.5%	-4.6%
Nome	10%	0.8%	-2.2%
North Slope Borough	26%	1.5%	12.0%
Northwest Arctic Borough	12%	3.1%	-0.7%
Pelican	6%	0.0%	-5.6%
Petersburg	15%	0.5%	2.5%
Pribilof	13%	0.2%	0.5%
Saint Mary's	10%	0.3%	-2.3%
Sitka Borough	17%	1.1%	4.4%
Skagway	19%	0.1%	5.8%
Southeast Island	11%	0.4%	-1.1%
Southwest Region	13%	1.0%	0.7%
Tanana	10%	0.1%	-2.1%
Unalaska	16%	0.4%	3.1%
Valdez	15%	0.5%	2.1%
Wrangell	13%	0.3%	0.1%
Yakutat	18%	0.1%	4.7%
Yukon Flats	9%	0.6%	-2.6%
Yukon/Koyukuk	10%	1.2%	-1.9%
Yupiit	13%	0.6%	0.2%
Mt. Edgecumbe High School			
TOTALS:	12%		
	32.51%		

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken
August 1-2, 2007

District Cost Factor

3.

Issue Summary: The District Cost Factor (DCF) is a mechanism within the K-12 education funding formula to provide additional funding based on the cost of providing an education across different areas of our state. Since the adoption of the DCFs developed by The McDowell Group in 1998, the legislature has conducted two studies to update the district cost factors, with surprisingly disparate recommendations.

Recommendation: The Joint Legislative Education Funding Task Force recognizes the contention within the legislature over the American Institute of Research (AIR) study and the Institute of Social and Economic Research (ISER) district cost factor report and recommends that the legislature adopts neither report. But the Task Force acknowledges a need to update the 1998 factors. Therefore, the following recommendation is offered:

1. The Task Force respectfully requests that Governor Sarah Palin appoints a Blue Ribbon Commission, composed of educational leaders, legislators, executive branch representatives, and the general public by January 15, 2008. The goal of this panel will be to develop a model for district cost factors. The structure of the model proposed by the Blue Ribbon Commission will allow for a valid update every two years.

2. The Task Force requests that the Commission's report be submitted to the Alaska State Legislature by January 15, 2011.

3. The Task Force proposes a statutory change that repeals the current district cost factors on January 15, 2011, the date Governor Palin's Blue Ribbon Commission's report on the cost factors is presented to the legislature.

Discussion: The legislature recognizes the importance of adjusting state education aid for geographic cost differences, but it has proven difficult to quantify. Both the AIR and ISER reports have defects (even the most ardent supporters for the ISER report do not completely support the recommended factors in total) and to accept new cost factors based on flawed data undermines the foundation of our school funding formula.

After twc district cost factor studies commissioned by the legislature has led to frustration and distrust, a new approach is needed. It is time for Governor Palin to head this important effort and appoint an open-minded, objective panel to determine how geographic differences should be measured and updated. The Blue Ribbon Commission would have three years to complete its work, allowing adequate time for a thorough review of the issue.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

5. Intensive Needs Students

Issue Summary: The cost to provide the needed services to students with intensive needs is very expensive, perhaps ranging from $67,000 to $95,000 per child. Under current law, school districts receive the normal per student amount plus additional funding at five times the per student dollar for each intensive needs student, an added $26,900.

State support does not meet the average cost of educating an intensive needs child.

Recommendation: The Joint Legislative Education Funding Task Force proposes a statutory change to fund intensive needs students at nine times the per student dollar, currently an added $ 48,420.

The recommended funding level is intended to support the current program that serves Intensive Needs Students, children identified by individual school districts and audited by the Department of Education and Early Development. It is the intent of the Task Force that this program not be expanded to meet a wider range of services. The dollars needed to fund this recommendation is to be added to the K-12 Foundation Formula and not absorbed under the current funding level.

Discussion: The current cost to educate an Intensive Needs Student far exceeds the level of state support for these children. School districts must provide an array of educational services for all Intensive Needs Students as dictated by the federal special education act. The cost of these services often means a reduction in the dollars available for regular classroom instruction.

Under this recommendation, each school district would receive an additional $21,520 over the current funding level for each Intensive Needs Student to help offset the actual expense.

6

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

Require Local Effort

Issue Summary: Currently the education formula requires a minimum local contribution to education (4 mills of real and personal taxable property) for organized municipalities. The 4 mill requirement is based on a 100 percent of the city's property value thru 1999 and 50 percent of the increase in value since that time.

Recommendation: The Joint Legislative Education Funding Task Force recommends that no change to current statute be proposed.

Discussion: As provided by current law, 19 school districts are not required to financially contribute to their local schools, 3 school districts are required to contribute an amount equaled to 45 percent of the school district's prior Basic Need as determined under the education funding formula, and 31 districts are required to pay 4 mills of the municipality's taxable property. A change authorized by the legislature in 2001 impacted those 31 districts and has resulted in $154 million in taxpayer sa ings across these districts. Since 2002, this state has been helping those that have been helping themselves.

The education funding formula was amended to allow property tax relief to growing school districts by discounting the increase in property values since 1999 by 50 percent. The 4 mill requirement on any property value increase was shared 50 percent by the state and 50 percent by the local community. Four mills are required on all taxable property up to 1999 and two mills are required on any subsequent increase in value since that time.

This change in law does not mean growing communities are not increasing their local contribution to education. In fact, if the local contributions of six large municipalities that have been major beneficiaries of this taxpayer relief are combined, the total represents 98% of the contribution increase since 2001. Under current law, those municipalities will continue to shoulder the majority of the increases in local contribution in the future.

The current law is functioning as envisioned when the legislature initially adopted the taxpayer relief provision and should not be changed. Repeal of this taxpayer assistance will mean an increase in local taxes across the many school districts that have benefited from this statutory provision.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken
August 1-2, 2007

7. Declining Enrollment – Holdharmless Provision

Issue Summary: All but 16 school districts out of Alaska's 53 districts have experienced declining student enrollment over the past several years. Fewer students mean less state aid for each school district.

Recommendation: The Joint Legislative Education Funding Task Force supports the adoption of a "holdharmless provision" that will enable an individual school district to gradually absorb fixed costs without sudden reductions to its instructional program when the district experiences a significant drop in student enrollment.

In addition, the Task Forces requests that the Department of Education and Early Development analyze different holdharmless provisions and provide the Task Force with the appropriate financial computer runs for each proposal.

Discussion: Many school district fixed costs remain even though a district has substantially fewer students than the previous year. In order to cover the fixed costs, difficult reductions in the instructional program often must be made. Districts need time to prepare a soft landing. A holdharmless provision will provide the necessary time and financial support to make this happen.

At least two options have been discussed by the Task Force.

1. Compute K-12 education state aid on a school district's current student enrollment or the student enrollment for one of the immediately preceding two years, whichever is greater, or

2. Compare the student enrollment at the school level as recommended by the Department of Education and Early Development and provide for a gradual reduction in state support, if necessary

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken
August 1-2, 2007

Other issues – Early Education Funding

Issue Summary: Local school boards are faced with making major budget decisions without knowing the level of funding their individual school district might expect to receive from the state. Historically, the legislature has not reached an agreement on the amount of dollars available for K-12 education until the final days of a legislative session.

Recommendation: The Joint Legislative Education Funding Task Force recognizes that local school boards are in a difficult situation as the result of not knowing the level of state support for K-12 education early during the board's annual budget process. The Task Force encourages the Alaska State Legislature to pass an appropriation bill to fund K-12 education by the 60^{th} legislative day.

Discussion: Annually local school boards must develop a school district's budget using a crystal ball as a guide. Difficult budget reduction decisions are proposed, discussed, and agonized over, often times unnecessarily, because the school boards do not know the level of funding that will be available from the state for public education.

Passing a K-12 public education appropriation bill by the 60^{th} legislative day will provide the direction local school board members need to make better budget decisions for their school districts, and ultimately for all Alaska students.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

Other Issues – Teacher Preparation

Issue Summary: "The State of Alaska experiences about 1,100 teaching vacancies each year and in-state teacher training programs produce only about 220 graduates per year." (Alaska Teacher Placement, University of Alaska, *Finding and Keeping Teachers in Alaska – 2006 Supply and Demand Fact Sheet*)

Recommendation: The Joint Legislative Education Funding Task Force supports a formal legislative requirement that the University of Alaska prepare and submit an annual report, entitled *Alaska's University for Alaska's Schools,* to the Alaska State Legislature that highlights the efforts of the university to attract, train, and retain qualified public education teachers.

The annual report shall outline the University of Alaska's past, current, and future plans to close the gap between known teacher vacancies and the number of in-state trained Alaskans. In addition, the report shall include the university's short-term plan as well as a five year long-term strategy, with accompanied budgets. The report shall be approved by the University of Alaska Board of Regents and presented by the Board of Regents to the legislature at a joint meeting of the House and Senate Health, Education, and Social Services Committees and the House and Senate Finance Committees.

Discussion: At the present time the number of teacher vacancies far out pace the number of Alaskans trained to be public school teachers. But our state-wide university and other training institutions must continue to whittle away at this unfortunate gap.

The Alaska State Legislature and the University of Alaska need to work in partnership to ensure our 53 school districts have the best teachers possible, preferably Alaska trained teachers. An annual report offered by the University will be the beginning of a meaningful dialogue between these two institutions.

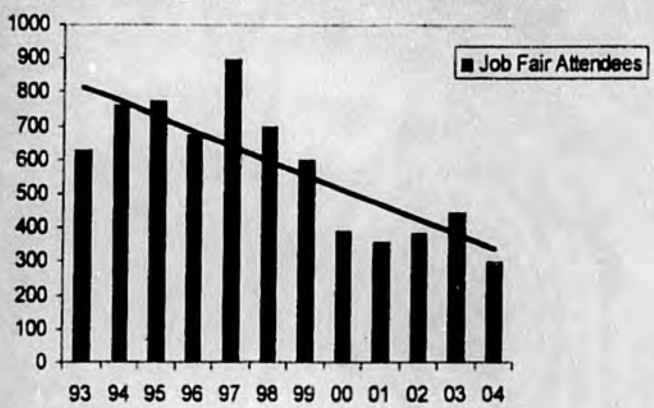
Back-up for UA Teacher Preparation Report

Alaska Teacher Placement
UNIVERSITY of ALASKA

Finding and Keeping Teachers in Alaska

2006 Supply and Demand Fact Sheet from Alaska Teacher Placement

Declining Applicants, 1993 to 2004

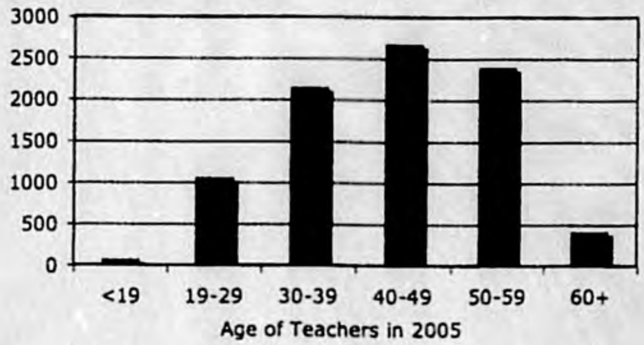


The following information, unless otherwise cited, is from the preliminary Alaska Teacher Supply and Demand 2005 Update, prepared by the Institute of Social and Economic Research at the University of Alaska, Anchorage.

- Over the past eight years Alaska Teacher Placement (ATP) has seen a steady and dramatic decline in the number of qualified educators attending the Alaska Educator Job Fair.
- Once Alaska attracted over 900 educators to apply for jobs at the Alaska Educator Job Fair, now less than 300 are expected to attend.

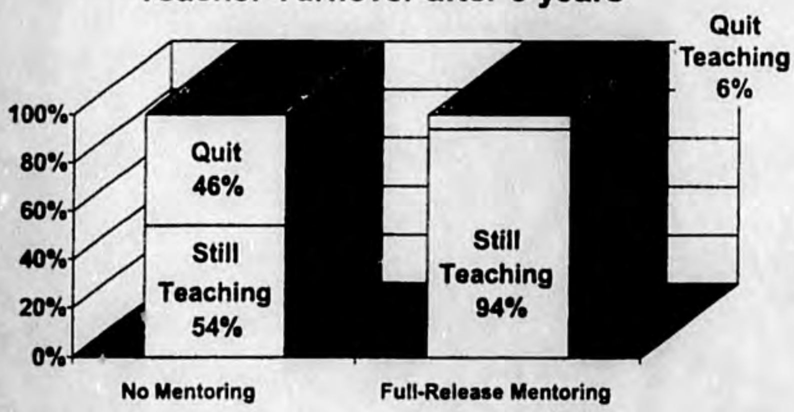
- The supply of teachers is declining, and the number of teachers that are of retirement ages is increasing.
- New teacher retirement plans are creating a disincentive for experienced teachers from other states to move to Alaska.
- Alaska experiences about 1,100 teaching vacancies each year, and in-state teacher training programs producing only about 220 graduates per year.

The Aging Teaching Force, 2005



Mentoring Keeps New Teachers Teaching

Teacher Turnover after 5 years



Strong & St. John, A Study of the Effects of a Full-Release Mentoring Program on Long-Term Teacher Commitment, 2002.

- National research has shown that a major factor driving teacher shortages is turnover. Almost half of new teachers leave the profession within the first five years.
- As the chart at the left shows, new teachers who receive mentoring through a structured, full release model (like that of the Alaska Statewide Mentor Project) keep teaching.
- Business experts estimate that every "lost" employee costs an organization from 1/2 to 2-1/2 times the employees annual salary. This figure does not include the educational costs for students.
- Mentoring is not only a way to keep teachers teaching, but it is also a valuable recruitment tool that attracts the best quality teachers to Alaska.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

Moore, et. al. v. State of Alaska – Legislature is Responsible

Issue Summary: In the Moore, et. al. v. State of Alaska decision of June 21, 2007, Judge Sharon Gleason, Superior Court Judge, determined that funding for Alaska's K-12 public education is adequate, but that the state has failed to adequately supervise local school districts.

On page 185, paragraph 34 Judge Gleason writes, "Alaska's Constitution makes the Legislature – not the local school districts – ultimately responsible for maintaining Alaska's schools." Later in the same paragraph she continues, "(T)he State's responsibility does not end with adequate funding. If a school, despite adequate funding, is failing to accord a child with a constitutionally adequate education – such as failing to give that child a meaningful opportunity to acquire proficiency in the State's own performance standards – then the concept of local control must give way because that school is not being maintained as required by the Education Clause."

Recommendation: The Joint Legislative Education Funding Task Force recognizes the importance of the Moore, et. al. v. State of Alaska decision of June 21, 2007 and accepts the direction and wisdom offered by Judge Gleason. The Task Force supports the formation of a joint, bi-partisan legislative panel to lead a statewide effort to address the serious concerns raised by Judge Gleason in her Superior Court decision. The legislative panel shall prepare and submit any legislation that may be needed to implement recommended changes to our K-12 public education system.

Discussion: The June 21, 2007 Superior Court decision examines some troublesome concerns over the Department of Education and Early Development's oversight as to how local school districts spend state education dollars. The 196-page report found "that in some areas of the state, children are not being accorded a meaningful opportunity to acquire proficiency in the very material that is tested on the exit exam." (page 192-93, paragraph 51)

The Alaska State Legislature is ultimately responsible to ensure that all students are afforded a chance to learn the necessary skills to succeed as an adult. The disturbing issues raised by Judge Gleason must be considered, discussed, and addressed by the legislature. The formation of a joint, bi-partisan legislative panel is the beginning.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

Moore, et. al. v. State of Alaska – Increase Energy Costs

Issue Summary: Judge Sharon Gleason, Superior Court Judge, on page 85, paragraph 263 of her June 21, 2007 decision on the Moore, et. al. v. State of Alaska states, "A negative consequence of the new schools is that the district's (Yupiit School District) utility bills have substantially increased due to the larger size of the facilities which has been compounded by the increase in cost of fuel itself. [Ex. 197]"

Recommendation: The Joint Legislative Education Funding Task Force requests that the Bond Reimbursement and Grant Review Committee (BR&GR Committee) require school districts to consider energy efficiency measures when planning and designing new school construction projects. In addition, the Task Force requests that the Department of Education and Early Development include increase energy costs, if any, in the district's cost estimate for a new school construction.

Discussion: The Legislature has appropriated over $182 million as grants to Regional Educational Attendance Area (REAA) school districts over the past three years to build new schools. Some have assumed that the replacement of old, energy inefficient schools with new, modern facilities would decrease fuel consumption. This may not be the case.

Twenty school districts out of the 24 districts that requested a waiver of the 70% minimum expenditure for instruction requirement for their FY07 budgets cited "operations and maintenance" cost as one of the main reasons for failure to meet this requirement. Total energy costs contribute heavily to this fiscal component. Local and state decision makers need accurate and complete information regarding all costs, including future energy costs, before a new school construction project is approved.

Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

Other Issues – Alaska Military Youth Academy

Issue Summary: In 2002, Representative Eldon Mulder proposed an amendment in the House Finance Committee that tied the funding for the Alaska Military Youth Academy (AMYA) to the student dollar within the foundation formula. Testimony before the committee indicated that the new funding plan would be almost revenue neutral, with only a slight increase over the previous dollar amount appropriated to AMYA.

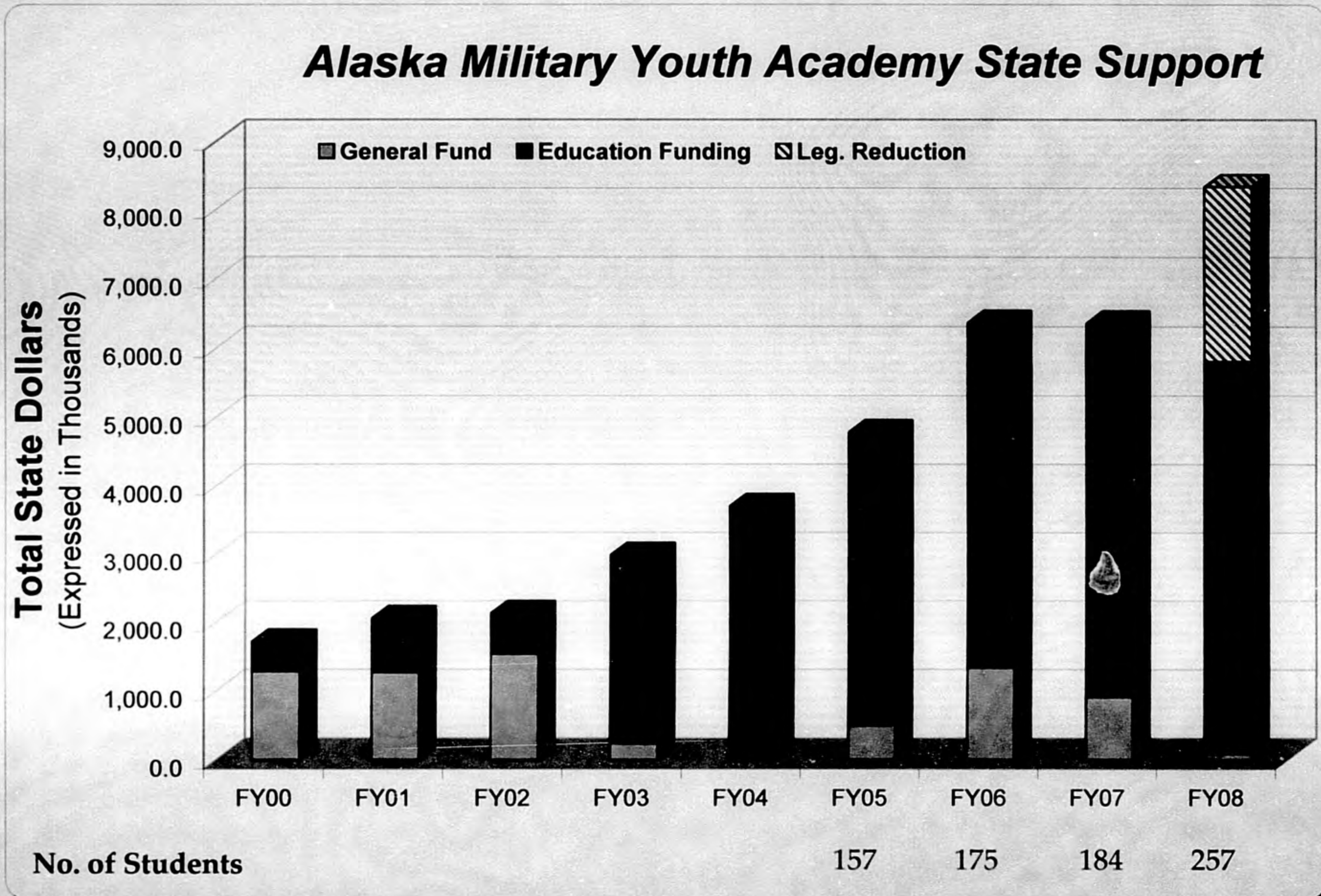
Under the ultimately adopted change, AMYA receives funding at 7 times the Base Student Allocation for each full-time student and .6 times the per student dollar for AMYA graduates who participate in a year-long mentoring program. A one-day student count period was established as October 1 of the preceding school year.

Recommendation: The Joint Legislative Education Funding Task Force noted several concerns regarding the current funding formula for the Alaska Military Youth Academy and formally requests that the appropriate House and Senate legislative committees review the present method used to determine state support for the academy. The appropriate committees shall prepare and introduce legislation, if needed, to address concerns discussed during the committee process.

Discussion: Between FY99 and FY03 the increase to the base student allocation was only $70, but from FY03 to FY08 the individual allocation jumped $1,370. As a result of this increase to the "per student dollar," the Alaska Military Youth Academy received a substantial increase in state funding.

The one day student count period (as opposed to the 20-day count period of Alaska's 53 school districts) has the potential to inflate AMYA student enrollment figures. The FY07 enrollment numbers indicate that 28% of the students counted for state funding withdrew from the program after a two week period. Acknowledging the growth in state funding for AMYA, the legislature reduced the academy's operating budget by $2,525,000 in FY08.

The current funding formula for AMYA needs to be thoroughly reviewed by the appropriate legislative committees and changes recommended, if necessary.



Prepared by Gary Wilken's Office

A Bridge to a Gasline

"Fill the Gap"

Senate Bill 134

A Long-term Fiscal Plan

By Gary Wilken
Twenty-Fifth Legislature
2007

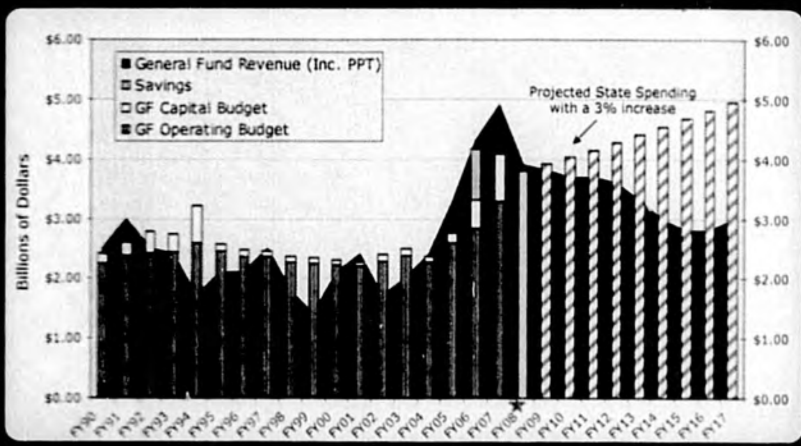
"It is the *policy* of the state to formulate a responsible, sustainable budget on a consistent basis, given the extreme fluctuations that occur in the state revenue sources.

In recognition of these fluctuations, it is the *policy* of the State of Alaska that amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the *Constitutional Budget Reserve* fund and the *Earnings Reserve Account*."

A new subsection is added to AS 37.07.010, *Executive Budget Act*

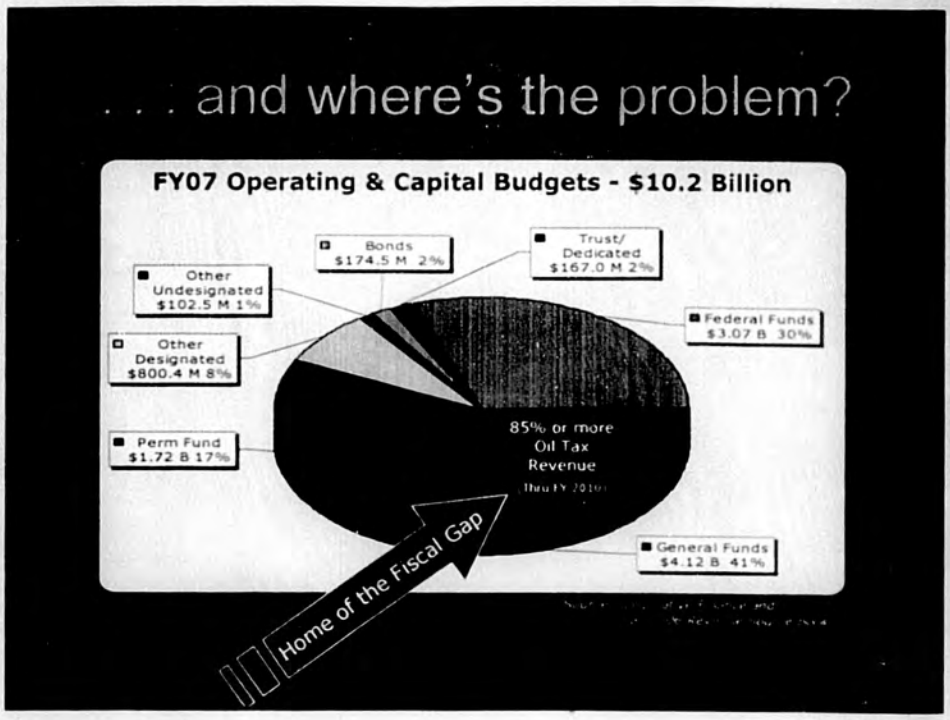
SB 134 says

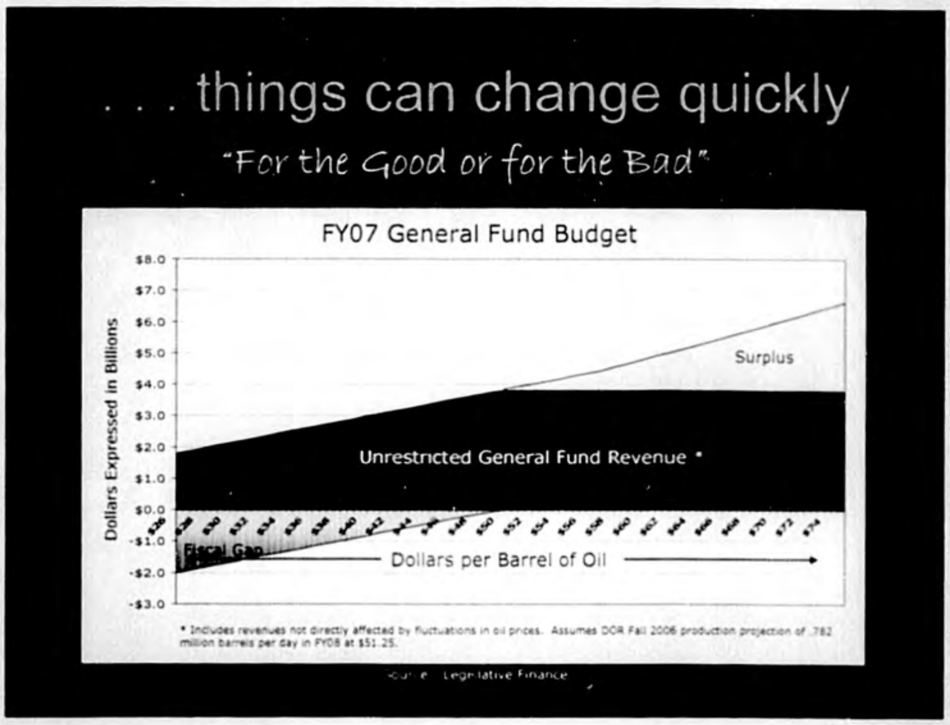
What's the problem?



[illegible] General Fund budget is projected at $3.8 billion   Source: Legislative Finance

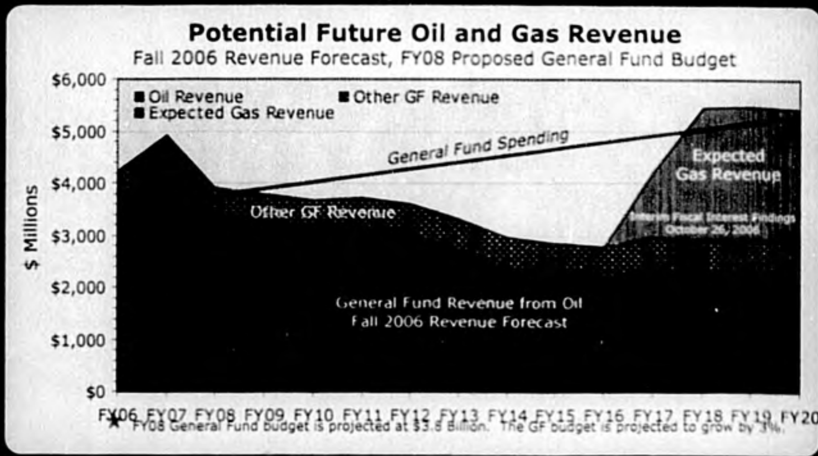
[illegible] long term planning goes hand in hand with a fiscal plan. See Senate Bill 25, a bill that [illegible] the governor to project revenue and spending for 15 years


. . . and where's the problem?
FY07 Operating & Capital Budgets - $10.2 Billion
Bonds $174.5 M 2%
Trust/ Dedicated $167.0 M 2%
Other Undesignated $102.5 M 1%
Federal Funds $3.07 B 30%
Other Designated $800.4 M 8%
Perm Fund $1.72 B 17%
85% or more Oil Tax Revenue
General Funds $4.12 B 41%
Home of the Fiscal Gap


. . . things can change quickly
"For the Good or for the Bad"
FY07 General Fund Budget
Dollars Expressed in Billions
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
-$1.0
-$2.0
-$3.0
Surplus
Unrestricted General Fund Revenue *
Fiscal Gap
Dollars per Barrel of Oil
* Includes revenues not directly affected by fluctuations in oil prices. Assumes DOR Fall 2006 production projection of .782 million barrels per day in FY08 at $51.25.
Source: Legislative Finance

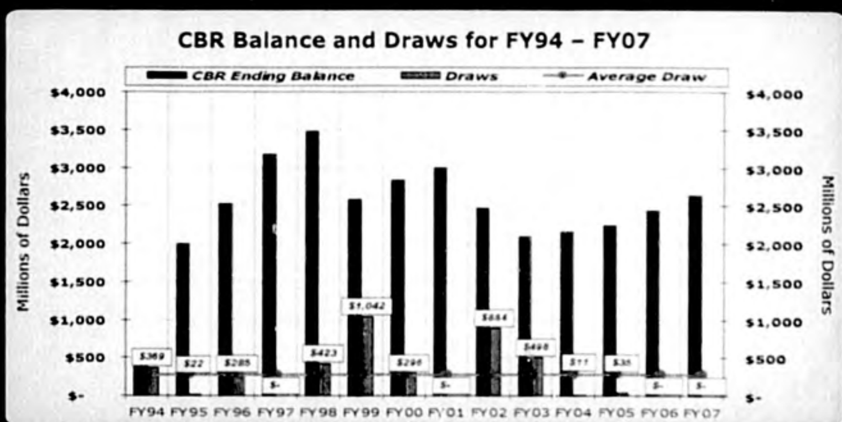
. . . so a bridge is needed

From Today to a Gasline



Source: Office of Management and Budget and Legislative Finance

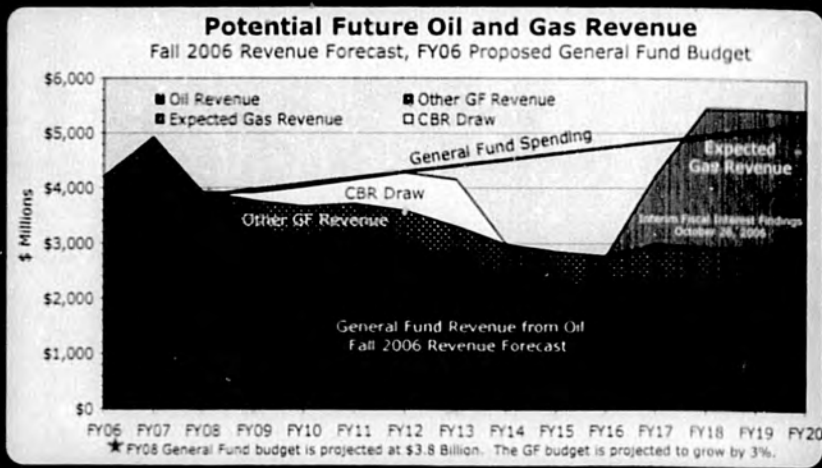
. . . the CBR "cushion"



Source: Legislative Finance

- Draw 10 out of 14 years
- Average draw $275 M
- Current balance $2.6 B

. . . why not just the CBR?



Source: Office of Management and Budget and Legislative Finance

Budget discipline, of course. . .

But, "Just cut government" . . .?

- <u>Non-essential (GF)</u>
  - Public radio/TV - $5 M
  - One Percent for Art - $.5 M
  - State Parks - $4.5 M
  - Library/Museums - $7 M
  - [illegible]
- <u>Essential (GF)</u>
  - State Troopers - $50 M
  - Road Maintenance - $100 M
  - Marine Highway - $80 M
  - Three UA Campuses - $200 M
  - TOTAL - $430 M

Or eliminate all state employees - TOTAL - $900 M

We just aren't going to "*cut our way*" out of our expected structural budget deficits.

Pots of Money to Build the Bridge

Reduce State Spending
(Save a $, Earn a $)

Income Tax
($600 M)

Permanent
Fund *Earnings*

**$4.7 Billion
realized
earnings**

Corporation Tax
($50-$100 M)

Other Revenue
(Tobacco Tax, Alcohol Tax, Fisheries Tax, Car Rental Tax, Studded Tire Fee, etc.)

Sales Tax
($200-$300 M)

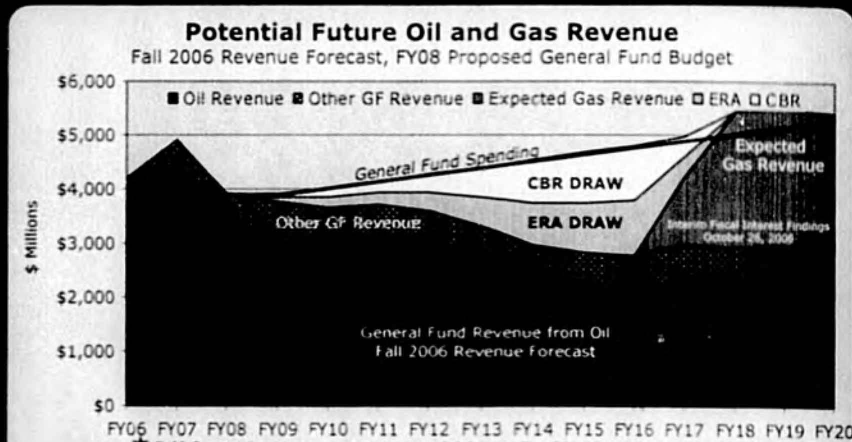
CBR
($2.6 B)
Constitutional Budget Reserve

. . . so what if . . .

The Legislature fills the future fiscal gaps with equal contributions from the *Constitutional Budget Reserve* and the *Earnings Reserve Account*?

(SB 134)

. . . and we bridge the gap



★ FY08 General Fund budget is projected at $3.8 Billion. The GF budget is projected to grow by 3%.

. . . . but can we?

An Alaskan's Guide to the Permanent Fund

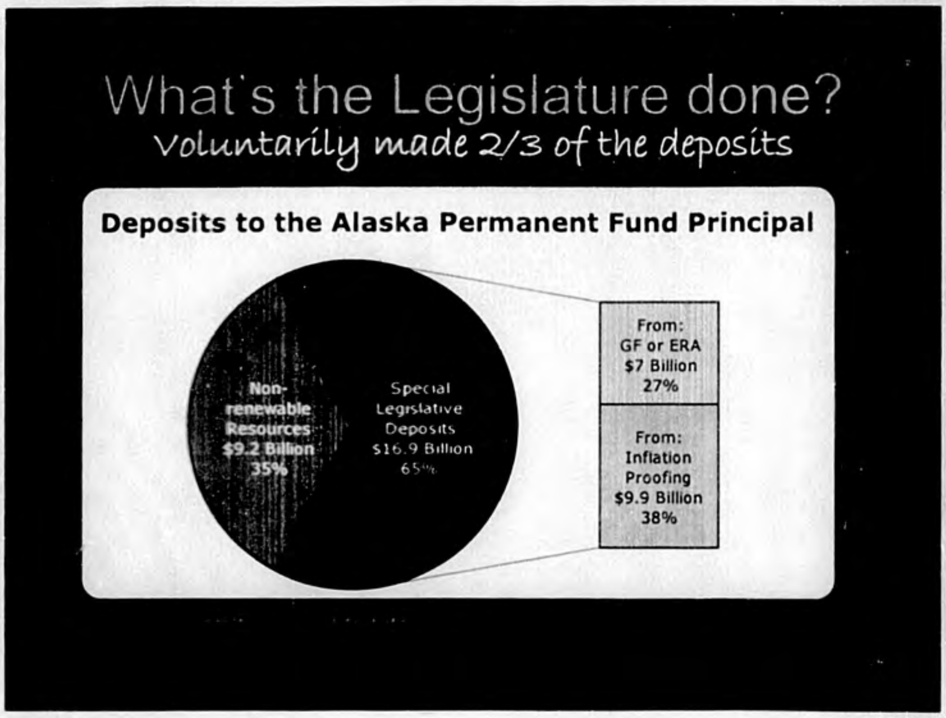
The Fund would help create an investment base to continually generate future income. When oil ran out, Alaska would still have a major source of state revenues. Alaskans could use these revenues to pay the costs of basic government services, or for whatever purposes future generations of Alaskans decided.

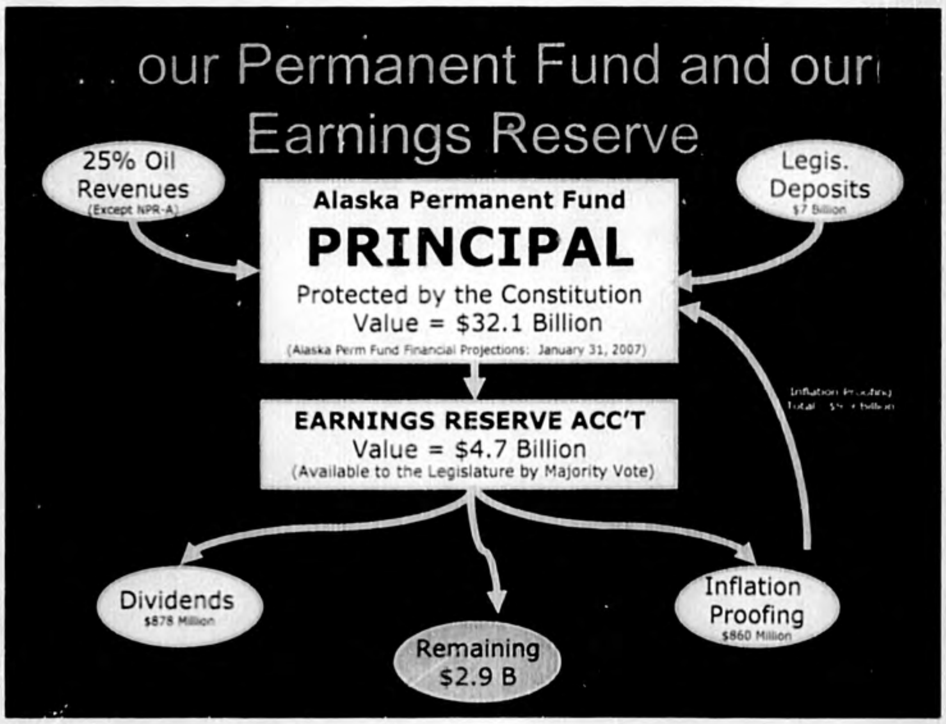
Each year, the Fund would channel a significant portion of the oil revenues away from the legislature. Less state income reduces the opportunity for excessive state spending.

The Fund would transform non-renewable oil wealth into a renewable source of wealth for future generations of Alaskans.

Yes, We Can!!!!!

The Earnings Reserve Account (ERA), a result of wise investment of our Permanent Fund, has been and is still available to the legislature by a vote of 21 in the House and 11 in the Senate.


What's the Legislature done?
voluntarily made 2/3 of the deposits
Deposits to the Alaska Permanent Fund Principal
Non-renewable Resources $9.2 Billion 35%
Special Legislative Deposits $16.9 Billion 65%
From: GF or ERA $7 Billion 27%
From: Inflation Proofing $9.9 Billion 38%


. . our Permanent Fund and our Earnings Reserve
25% Oil Revenues
(Except NPR-A)
Legis. Deposits
$7 Billion
Alaska Permanent Fund
PRINCIPAL
Protected by the Constitution
Value = $32.1 Billion
(Alaska Perm Fund Financial Projections: January 31, 2007)
EARNINGS RESERVE ACC'T
Value = $4.7 Billion
(Available to the Legislature by Majority Vote)
Dividends
$878 Million
Remaining
$2.9 B
Inflation Proofing
$860 Million

Alaska's Crown Jewels

. . . The Constitutional Budget Reserve fund and the Earnings Reserve Account . . .

- Only legislature in America deciding how to manage $40 billion for 665,000 people
- Every minute, every hour, every day, the world helps build Alaska by
  - Investing in corporate America – equities
  - Investing in America's society – real estate
  - Investing in America's future – bonds

7/1/06 - 1/1/07 earned almost $734,000 per hour

- *"We've wisely taken a one-time resource and turned it into a renewable source of wealth for current and future generations."*

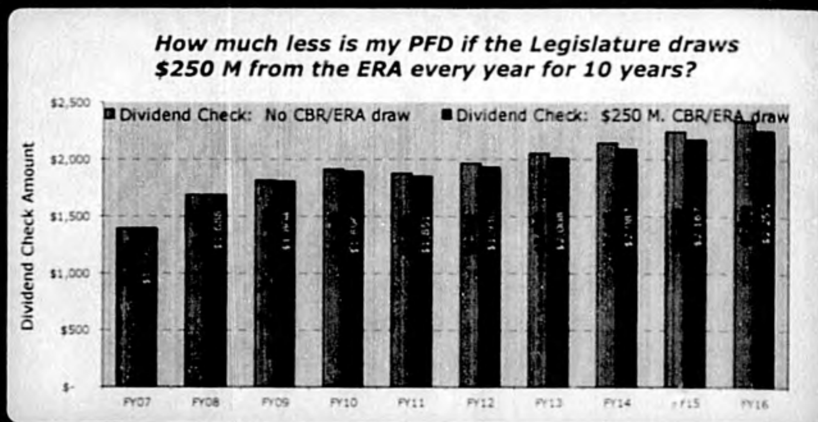
. . . but what about my check??

If you use the Earnings Reserve?

Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	$0	$1	$2	$5	$8	$13	$18	$23	$29	$35
300	150	$0	$1	$3	$7	$12	$19	$27	$35	$44	$53
400	200	$0	$1	$4	$9	$16	$25	$36	$47	$58	$71
500	250	$0	$2	$6	$12	$20	$32	$44	$58	$73	$89
600	300	$0	$2	$7	$14	$24	$38	$53	$70	$88	$106
700	350	$0	$2	$8	$16	$28	$45	$62	$82	$102	$124
800	400	$0	$3	$9	$19	$33	$51	$71	$93	$117	$142
900	450	$0	$3	$10	$21	$37	$57	$80	$105	$131	$159
1,000	500	$0	$3	$11	$23	$41	$64	$89	$116	$149	$177

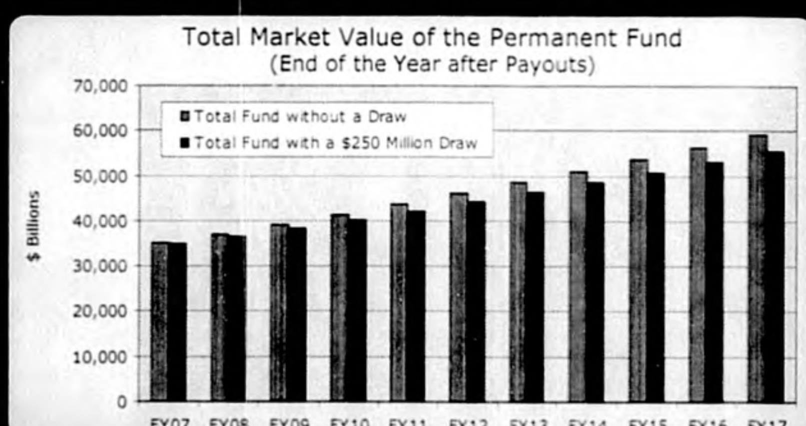
Source: APF [illegible] realized rate of return. Permanent Fund Financial Projections, Dec 31, 2006 [illegible] are for each fiscal year. Total of each row would be the cumulative effect per person

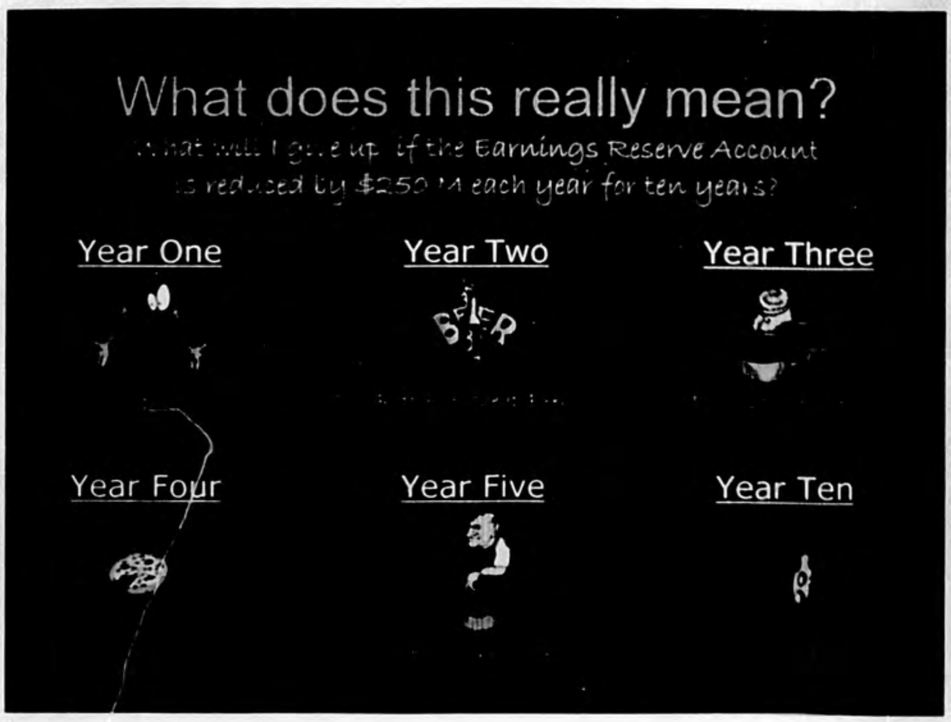
. . . how does this compare to status quo?

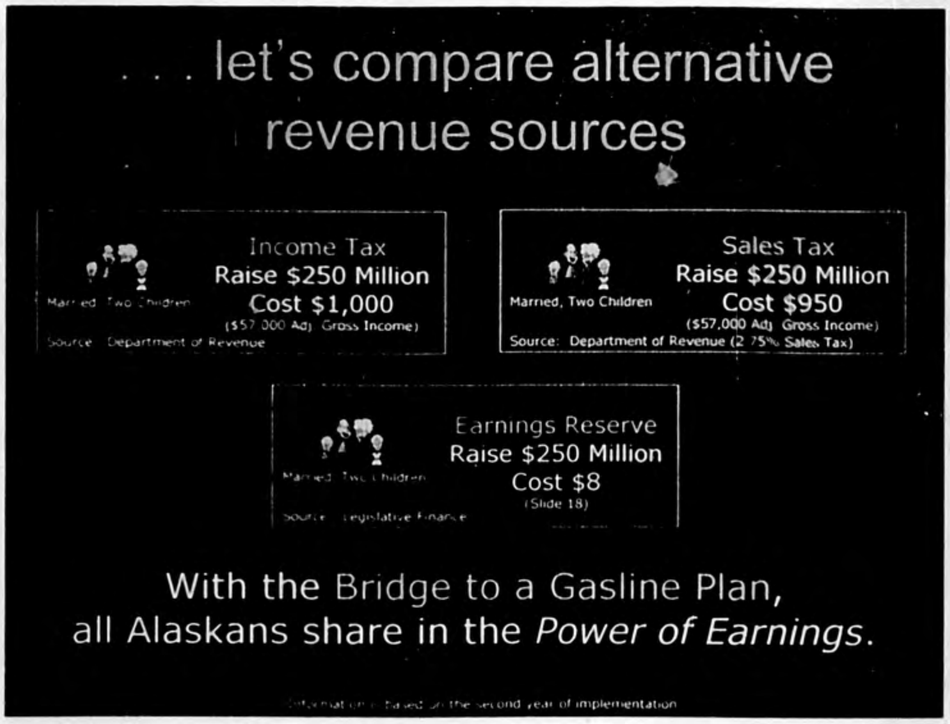


Answer: In FY11, it's $20 less. In FY16, it's $89 less.

. . . and the Permanent Fund?




What does this really mean?
What will I give up if the Earnings Reserve Account
is reduced by $250 M each year for ten years?
Year One
Year Two
Year Three
Year Four
Year Five
Year Ten


. . . let's compare alternative revenue sources
Income Tax
Raise $250 Million
Cost $1,000
($57,000 Adj. Gross Income)
Married, Two Children
Source: Department of Revenue
Sales Tax
Raise $250 Million
Cost $950
($57,000 Adj. Gross Income)
Married, Two Children
Source: Department of Revenue (2.75% Sales Tax)
Earnings Reserve
Raise $250 Million
Cost $8
(Slide 18)
Married, Two Children
Source: Legislative Finance
With the Bridge to a Gasline Plan,
all Alaskans share in the Power of Earnings.
Information is based on the second year of implementation

. . . to summarize

The Bridge to a Gasline Plan

- Recognizes the need to continue developing Alaska's natural resources.
- Recognizes the power of the Earnings Reserve and the Constitutional Budget Reserve– *the crown jewels of a fiscal plan*
- Bridges Alaska's revenue needs until the gasline is completed
- Establishes accountability by forming a spending partnership with all Alaskans

And SB 134 provides benefits . . .

- *When needed*, bridges the fiscal gap and puts "new" money into the economy,
- *When needed*, minimizes the financial impact on Alaska families,
- Doubles the life of the CBR,
- Answers the call from Washington, D.C. for Alaskans to help themselves, and
- Provides Alaska with a stable and dependable long term fiscal plan.

Thank You!

Anchorage School District

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Anchorage, Alaska 99504-3135
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Carol Comeau

July 27, 2007

25th Alaska State Legislature Joint Legislative Education Funding Task Force

Dear Education Funding Taskforce members:

Thank you for the time you are spending to explore education funding in Alaska. The Anchorage School Board has not had an opportunity to review and vote on this written testimony, but these comments are based on discussion by the board's Legislative Committee and the Anchorage School District administration. We believe these comments are consistent with legislative priorities adopted unanimously by the board over the past several years.

These comments focus on short term changes that can be made to the current funding formula to enhance fairness and equity. A larger review of education funding is also needed, but that process is one that should be given a much longer timeframe in which to work. In the short term, there are things that can be done to make important improvements.

First, we want to repeat what has been said by others: *Changes that help rural and remote school districts are also good for Anchorage.* Alaska students move between districts. We want students moving into Anchorage to have a strong educational foundation just as students moving from Anchorage to other districts should have a strong educational foundation.

Second, *the creation of a fair formula is a separate question from the total amount of state dollars needed to fund that formula.* Added costs to provide equitable funding to other districts should not come at the expense of Anchorage students. At the same time, we recognize that spending may increase at a faster rate in other parts of Alaska. We do support an increase to the BSA every year that costs increase, as a way to acknowledge that all districts, including Anchorage, have annual cost increases.

Third, *with the $1 billion set aside for education funding last session, the Legislature is in a good position to adopt forward funding for education.* This Legislature could adopt two years of education funding during the 2008 session. Subsequent Legislatures would only need to adopt funding for one year, but they would be doing so 12 months in advance of the time districts need to adopt their own budgets instead of several months after those budgets are required. It is true that future Legislatures would not be legally bound by what prior Legislatures enacted, but as a practical matter changes would only be made if there was a large, unforeseen drop in state revenue.

The Foundation Formula

The current funding formula is complex in its entirety, but each individual element is fairly simple. Each element is discussed below, along with our position concerning changes.

Average Daily Membership **AS 14.17.410(b)(1)(A).**

The ADM calculation is fairly simple and works reasonably well for Anchorage. We do not believe there is a need to make any changes in this portion of the formula.

District Cost Factor **AS14.17.410(b)(1)(B).**

The district cost factor has long been a difficult issue. While the ISER study is not perfect, it is clear that the current cost factors in AS 14.17.460 are inadequate for most, if not all, rural school districts. These inadequate adjustments have caused major hardships throughout the state, and it is imperative that something be done to fix this problem. We believe that cost factors need to be written permanently into statute or regulation so that districts have a basis for long range planning. At the same time, cost differentials will inevitably change over time, and there needs to be periodic review and adjustment of the cost factors so they fairly reflect the most current cost of providing education in all districts. These cost factors should be reviewed every two years because the constant change in the cost of providing educational services will affect each community differently.

It is worth noting that in FY 99, the Anchorage School District had 36.20% of the statewide ADM and received 29.76% of statewide education funding. In FY 08, the Anchorage School District is projected to have a slightly higher percentage of the statewide ADM – 37.51% -- but receive a slightly lower percentage of total funding – 29.47%. This is understandable given the partial implementation of

ISER. We have no objection to this, provided ASD's funding is not cut to help pay for increased payments to other districts.

Special Needs: Special Education, Vocational, Bilingual, Gifted Factor AS 14.17.410(b)(1)(C).

The special needs factor provides an additional 20% of funding to cover the costs of special education for all but intensive needs students, gifted and talented education, vocational education, and bilingual education services. At least in the larger urban districts, the cost of providing these services exceeds the 20% factor. We have very little control over the costs incurred, especially for federally mandated programs like special education and bilingual education. The result is that dollars for regular classroom education are diverted to pay for these programs.

We suggest that the 20% figure be left in the formula, but that vocational education be removed and funded through a separate, additional funding scheme. For at least the next ten years, additional workforce development efforts are needed throughout Alaska to meet the state's growing need for a trained workforce. DEED could develop criteria for how this money could be used, and districts whose programs met those criteria could receive this money. This would ensure that the money was in fact spent on vocational and career training. At the same time, it would leave in place adequate funding for bilingual, gifted, and special education for all but intensive needs students.

Intensive Services, Correspondence AS 14.17.410(b)(1)(D).

This element adjusts the ADM for intensive services students and correspondence school students.

Each intensive services student is counted as 5 students under the ADM formula. In Anchorage, the average cost of services for these students is over $71,600 per student -- a multiplier of slightly over 13. This figure does not include students whose program requires specialized equipment.

While some students' services cost less than $71,600, there are also those with much greater costs. Because these students fall under the federal mandate for special education, local districts have no choice in the services provided, and have little or no choice over the cost of those services. Equally troubling is that these students often enter a district after the count period. For a small district, services costing $71,600 for a single unfunded student can cause severe hardship. Services for a student requiring a $558,000 plan could be devastating to a district's budget. Again, any money over the state funding of $26,900 per student comes out of the general education budget.

We believe that the multiplier needs to be increased to 13 times the BSA. Districts should be permitted to apply to a separate fund to cover exceptionally high cost intensive needs students and to provide an opportunity to request additional funding for intensive needs students in addition to those who move into the district after the count date. Exceptionally high cost programs tend to be those requiring 1-1 or 2-1 adults to be present to deliver the child's program throughout the school day. In addition are students whose programs require high-cost equipment for physical, health and communication needs of the student. DEED would need to adopt regulations for how applications for this money would be reviewed. (See Attachment)

The correspondence school factor treats each student as 80% of a full-time student. The formula presumes reduced costs for correspondence students. This presumption may or may not be correct, and even if correct, the cost may be more or less than the 80% level. In addition, there are two charter schools in Anchorage that offer a mixture of correspondence and classroom opportunities. These schools are funded the same as other correspondence schools despite the need to hire teachers and provide physical classroom space. We do not have a proposal for this element of the formula, but we believe it is something that should be reviewed as part of the long term study. (See Attachment)

Minimum Local Contribution **AS 14.17.410(b)(2).**

This section defines the minimum local contribution. This amount is subtracted from the state funding for city and borough school districts. It is based on the total state assessed value of real and personal property in the school district. The state funding formula uses the state assessed property value to calculate the community's required local contribution towards the education of its students. Unfortunately, this is not always an accurate measure of a community's ability to pay. An increase in property values will not always translate into an increase in the ability to pay higher taxes.

New development will usually bring additional taxpayers and an additional ability to pay more in taxes. However, higher real and personal property values that come from general inflation do not translate into a greater ability to pay. If existing property increases in value by 5% without a corresponding increase in wages, the community does not have a greater ability to pay for its schools simply because of the increased property values.

As long as assessed valuation is used as the method for calculating local contribution, we believe the current calculation method should remain unchanged. Currently state funding is reduced by 4 mills of the 1999 assessed value and 2 mills for any increased value since that date. This system benefits most districts since most districts have seen increased assessed values over the last 8 years. Since the change to 2 mills, the Anchorage local tax contribution has increased $66.6 million or 64.89%. It is important to note that in FY 99 the state provided 66.30% of Anchorage's general fund budget while local taxpayers provided 30.20%. In FY 08, the state's share will decline to 60.69% while the local tax payers will cover 36.46%. Local taxpayers are understandably concerned that they are expected to pay an increasing percentage of the cost of education which, under Alaska's constitution is a state responsibility.

For the handful of districts that have had stagnate or declining values, it is appropriate to fashion some other form of relief without increasing the burden on local taxpayers in Anchorage and other municipalities and boroughs throughout the state. It would be appropriate to reevaluate the local contribution concept in its entirety when there is an in depth, long range review of the total education funding scheme. Until then, there should be no change in how the local contribution is calculated.

Maximum Local Contribution **AS 14.17.410(c).**

This section defines the maximum amount of local contribution. In the past, some legislators have expressed the view that all school districts should be paying the maximum amount allowed under this provision. This is a policy issue that should be addressed as part of the long term study. Should the local contribution be a decision by the local community within an acceptable range set by the legislature, or should all communities be required to pay their local maximum? Whatever policy decision is made, local districts should not be chastised if their communities decide to fund their schools at a level within any discretion granted to them by the Legislature. It is also worth mentioning that every district in the state does contribute to the cost of education. Some do it through local taxes, some through the federal impact aid retained by the state, and some, like Anchorage, through both local taxes and federal impact aid. If federal impact aid retained by the state is included as part of the local contribution, Anchorage is actually contributing more than the state cap on local contribution.

Quality Schools Grants **AS 14.17.480.**

Quality school funding grants are set in statute as a component of education funding. In Anchorage this money has been put to good use, targeting important academic achievement goals and allowing each school to put programs in place that are appropriate for their particular students' needs. Individual districts have been required to apply for this money and demonstrate that it is being used to improve student achievement.

Adequate funding has been integral to our success and is critical for our continued success.

School Improvement Grants

Funding received from the School Improvement Grants has been integral to our ability to provide and improve our education services. If the School Improvement Grant funding program is not continued at the same level as in FY 2007-2008, the Base Student Allocation will need to be increased $120 to provide the equivalent amount of the current School Improvement Grant funds.

Transportation **AS 14.09.010.**

Transportation funding is an essential part of the state's education funding system. In 2003, the Legislature decided that this amount should be arbitrarily set at an amount equivalent to the cost of providing transportation at that time. This change did not anticipate the rapid increase in fuel and tire costs after 2003. In addition, it coincidentally caught Anchorage at its peak enrollment – a time when Anchorage was most efficient in providing per-student transportation. As enrollment drops, that per-student efficiency will also drop. Finally, this provision provides no adjustment of the high cost of transporting special needs students, a federal mandate beyond the control of local districts. If transportation funding is insufficient to cover the cost of transporting students, then again classroom dollars for regular education are diverted.

Charter Schools **AS 14.03.260.**

Charter school funding should be looked at as part of the long term study. Charter schools can be very successful alternatives to traditional schools, but only if districts can find a building to house their students. Many rural districts receive grants to pay for the entire cost of a public school building. Other districts are eligible for 60% or 70% debt reimbursement to help pay for the facility cost. The most recent advice provided by Anchorage bond counsel is that charter school facilities cannot be bonded, so there is no existing provision in state law to help pay for these facilities. A portion of any lease payment goes towards paying for the landlord's capital investment. It may be appropriate to consider some sort of leased facility payment for charter schools as well as to cover other facilities that are leased from the private sector rather than publicly financed.

Debt Reimbursement **AS 14.11.100.**

The debt reimbursement program is another vital part of education funding. This essential partnership is favored by voters and taxpayers and has allowed Anchorage to address important capital improvement needs. This program is working well and should be continued as it is.

School Innovation Fund

Acknowledging the need for innovation to continue moving our educational system forward toward meeting the needs of 21st century students, some of those testifying as well as some on the committee have mentioned the idea of a "school innovation fund" to which districts could apply for supplemental funding for projects if they met certain criteria (such as meeting the 70/30 requirement or having an approved waiver, meeting the various NCLB reporting requirements, etc.).

Such a fund could indeed be very helpful to districts and could assist them in meeting a wide range of student needs. An application process wherein districts would establish the need for the project based on data and set measurable goals could be followed by an end-of-year evaluation showing progress toward achieving those goals which would provide the state specific accountability for use of those funds.

The world of education has become data rich and has revealed specific areas of need. That data now enables districts to target the needs of specific students and of specific groups of students, whether that group is the lower socio-economic group, the English language learners, the special education students, the gifted students, etc. Students at all levels of achievement deserve to be challenged, and a school innovation fund would allow for the targeting of funds to do just that.

A wide range of projects should be allowed, so long as the need is supported by data and the goals can be measurable. We would like to see opportunities to apply for summer school or other extended school year funding, additional professional development days for teachers outside the school year to avoid taking teachers out of their instructional day for training, and special projects targeting specific NCLB subgroups just to name a few possibilities.

Thank you again for the time you have spent reviewing the education funding scheme. We remain committed to providing whatever assistance we can as you work through these issues.

Tim Steele

Tim Steele
President, Anchorage School Board

Jeff Friedman

Jeff Friedman
Chair of the Legislative Committee,
Anchorage School Board

Carol Comeau

Carol Comeau
Superintendent
Anchorage School District

Attachment

Attachment

Anchorage School District
Cost for Students Claimed for Intensive Funding

Lowest cost for 258 students claimed for intensive funding with 1.0 FTE Teacher and 3.0 FTE Teacher Assistant for 8 students, no specialized nursing services, and no specialized assistive technology. Services are typically in a special class or special school. Additional cost for students of ASSDHH include interpreter services.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
3.0 Spec. Service TA's	55,903	3(55903)/8	20,964
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			**46,949**
TOTAL ASSDHH	**10,367**	**Interpreter**	**57,316**

Median cost for 387 students claimed for intensive funding with 1.0 FTE Teacher for 8 students and 1.0 Teacher Assistant dedicated to address individual student's need, no specialized nursing services, no dedicated assistive technology. Services may be in a special class or in a general class with resource support.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
1.0 Spec. Service TA	55,903	1(55,903)	55,903
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			**81,888**

Attachment

High cost for 17 students claimed for intensive funding with 1.0 FTE Teacher for 4 students (based on time to program/monitor required technology) and 1.0 Teacher Assistant dedicated to address individual student's program AT Specialist support, and AT equipment costs.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/4	19,454
1.0 Spec. Service TA	55,903	1(55,903)	55,903
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
AT Specialist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
AT Equipment			10,000
TOTAL			**103,775**

High cost for 17 students claimed for intensive funding with 1.0 Health Treatment Nurse, 1.0 FTE Teacher for 8 students, 3.0 FTE Teacher Assistant for 8 students, and dedicated to address individual student's need, no dedicated assistive technology. Services may be in a special class or in a general class with resource support.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
1.0 Health Treatment Nurse	71,903	1(71903)	71,903
3.0 Spec. Service TA's	55,903	3(55903)/8	20,964
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			**118,852**

The cost of an individual student's program is dependent upon the number of staff positions required to deliver and support the student's program. The highest cost for a single student's program exceeds **$558,328.**

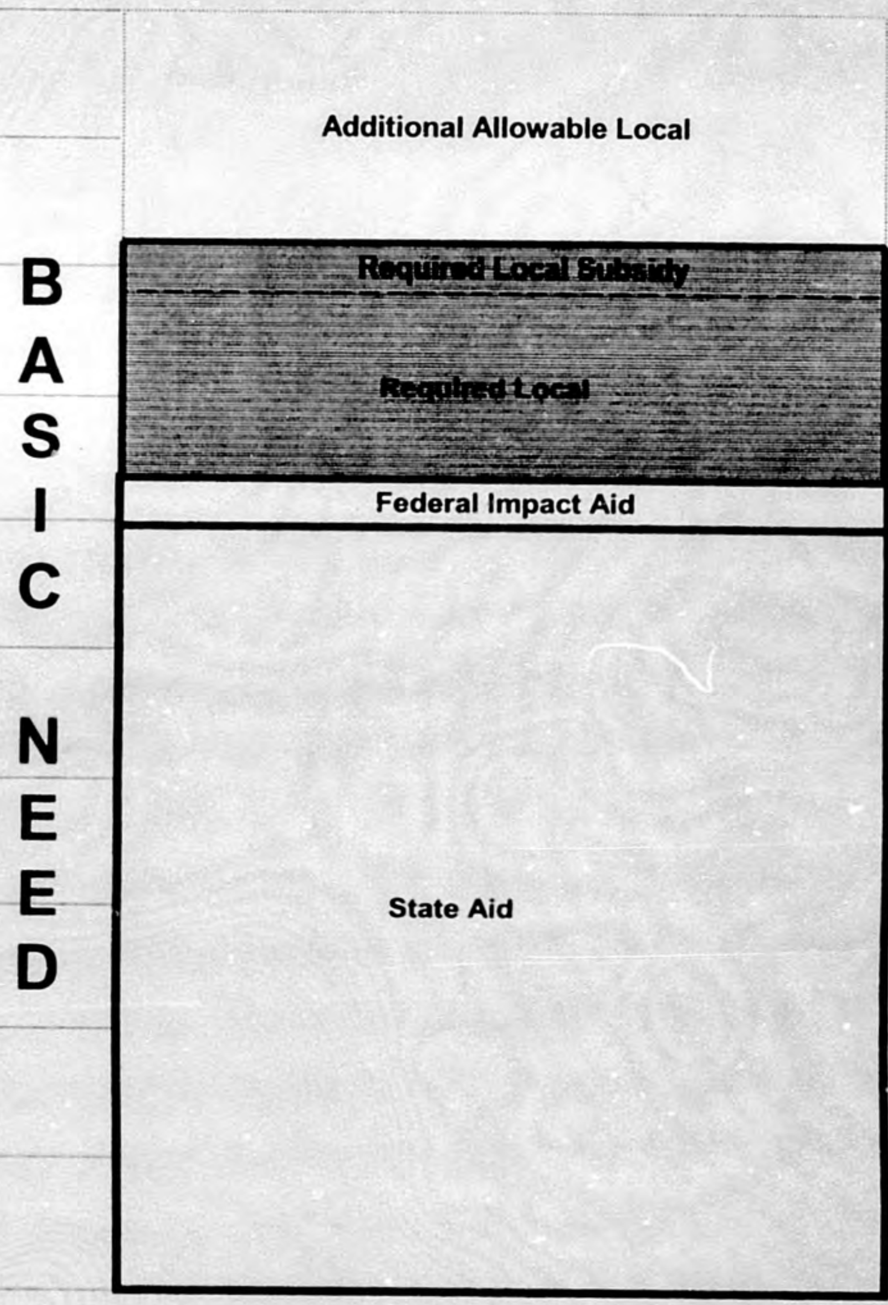
Anchorage School District
Responses to Senator Ellis' Questions
From July 17, 2007 Meeting

	FY 2008-09	FY 2009-10
INTENSIVE NEEDS FACTOR		
Intensive Needs		
Average cost	$74,850	$78,360
Range of cost for intensive needs students	$48,960 - $579,200	$51,250 - $602,900
Required number of times BSA to cover estimated costs excluding equipment, legal fees (dependent upon BSA amount)	13-14 times	13-14 times
BASE STUDENT ALLOCATION		
Base Student Allocation (assumes no School Improvement Grant funding)		
Required for continuation budget	$5,475	$5,775
With Intensive Needs Factor	11 times	11 times
Shortfall to cover intensive needs expenditures [1]	($9.9 million)	($10.1 million)
Additional revenue for costs of 35 students above $100,000	$2.4 million	$2.5 million
Base Student Allocation (assumes no School Improvement Grant funding)		
Required for continuation budget	$5,580	$5,880
With Intensive Needs Factor	9 times	9 times
Shortfall to cover intensive needs expenditures [1]	($16.7 million)	($17.3 million)
Additional revenue for costs of 35 students above $100,000	$2.8 million	$2.9 million
Base Student Allocation (assumes no School Improvement Grant funding)		
Required for continuation budget	$5,810	$6,125
With Intensive Needs Factor	5 times	5 times
Shortfall to cover intensive needs expenditures [1]	($ 31.1 million)	($32.5 million)
Additional revenue for costs of 35 students above $100,000	$3.5 million	$3.7 million
VOCATIONAL EDUCATION		
Cost of current program	$8.7 million	$9.6 million
% Special Needs required if Vocational Education funded separately	20%	22%
% Special Needs required if Vocational Education kept with Special Needs	24%	25%

[1] Amount of regular classroom education funds required to be allocated to cover Intensive Needs expenditures

Department of Education Early Development
School Finance 7/2007

Basic Need Components with SB174 Illustrated



Local Effort And State Cost with SB 174 at 14.17.51 (c)

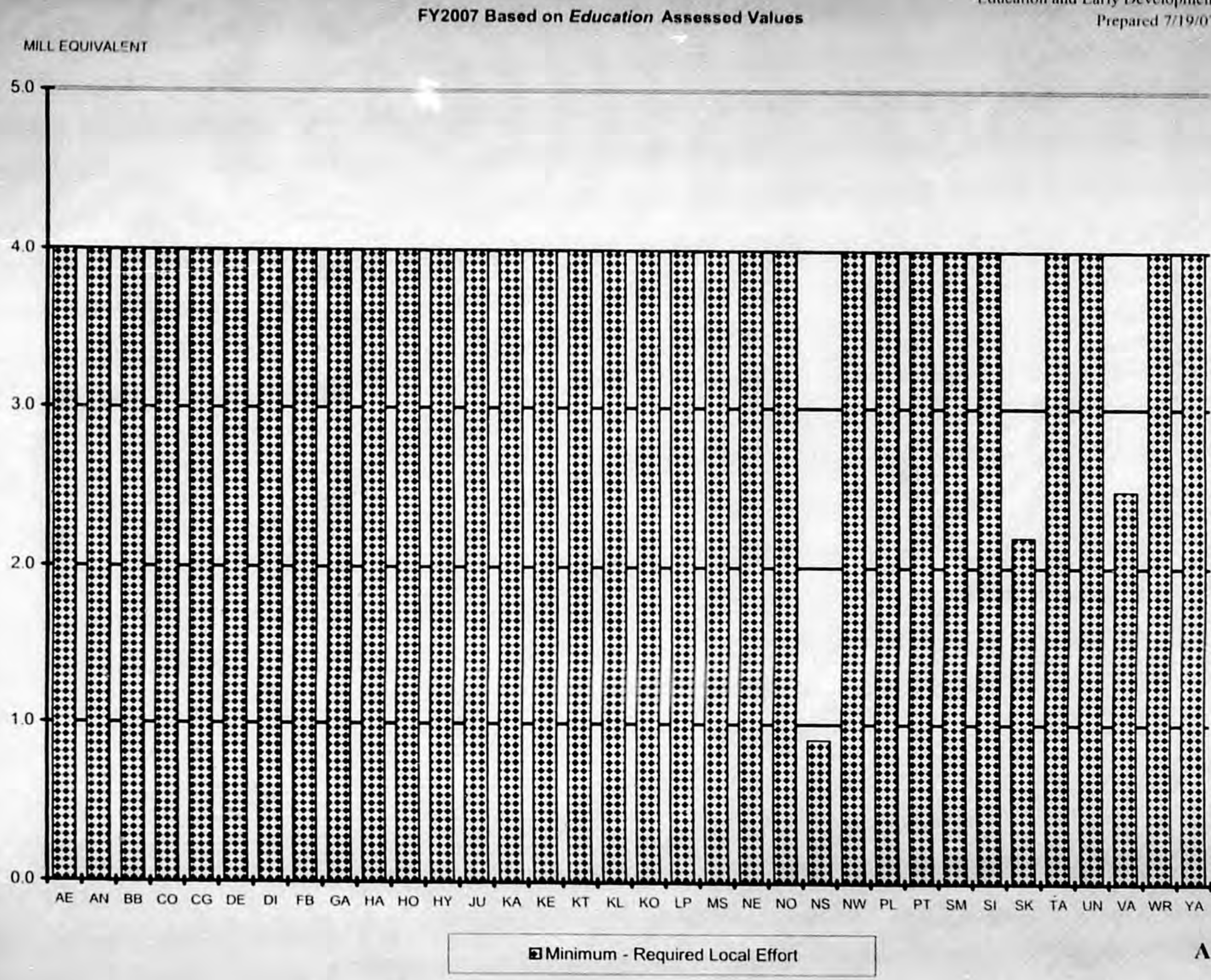
Anchorage

Fiscal Year	Current Required Local	23% of Basic Need or Additional Local	Total Allowable Local	Actual Contribution*	Amount Under Cap	Required Local Subsidy
2001	$ 62,643,830	$ 60,770,053	$ 123,413,883	$ 102,613,031	$ 20,800,852	$ -
2002	64,471,369	61,828,456	126,299,825	107,301,568	18,998,257	1,827,538
2003	67,845,314	61,739,933	129,585,247	114,373,207	15,212,040	5,201,483
2004	69,729,060	64,198,667	133,927,727	121,490,634	12,437,093	7,085,229
2005	73,751,264	70,480,885	144,232,149	133,412,722	10,819,427	11,107,435
2006	76,624,175	75,943,008	152,567,183	144,322,321	8,244,862	13,980,346
2007	81,476,907	82,454,520	163,931,427	155,257,376	8,674,051	18,833,077
2008	88,989,480	82,629,154	171,618,634	178,527,242	(6,908,608)	26,345,651
2009	95,229,111	82,629,154	177,858,265	187,997,000	(10,138,735)	32,585,281
2010	102,143,870	82,629,154	184,773,024	195,906,000	(11,132,976)	39,500,039

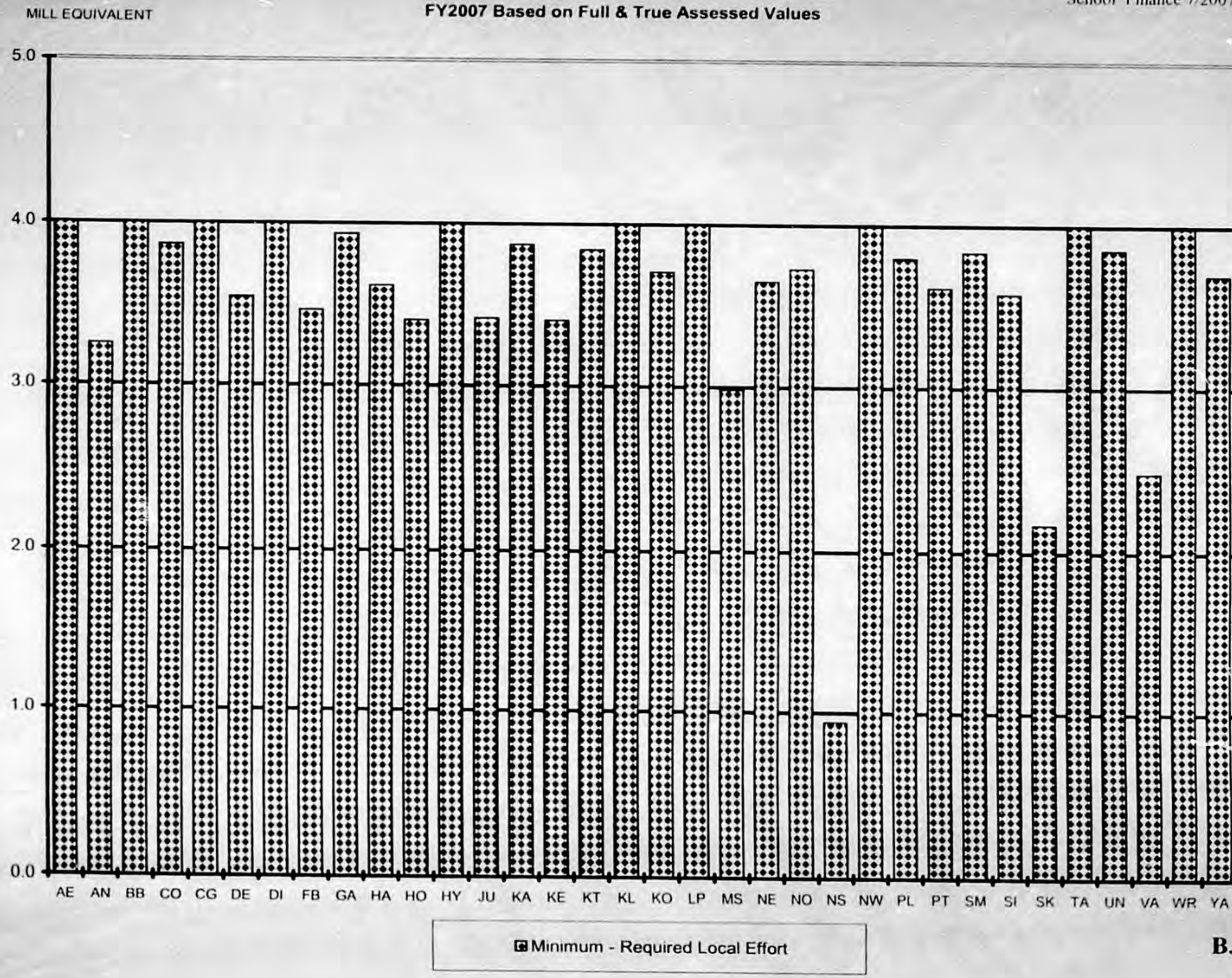
Statewide

FISCAL YEAR	Annual Statewide Subsidy
2001	$ -
2002	3,595,242
2003	9,079,732
2004	12,552,486
2005	18,864,929
2006	25,084,616
2007	35,269,145
2008	50,425,461
2009	63,876,623
2010	79,124,502
2011	96,447,122
2012	116,607,267
2013	141,056,131
2014	171,854,266
2015	215,046,725

Notes: SB174 is in law at 14.17.51 (c) and begins with fiscal year 2002.
*FY2008 - FY2010 Contributions are based on estimates received from Anchorage in Spring 2007.


FY2007 Based on *Education* Assessed Values
MILL EQUIVALENT
5.0
4.0
3.0
2.0
1.0
0.0
AE AN BB CO CG DE DI FB GA HA HO HY JU KA KE KT KL KO LP MS NE NO NS NW PL PT SM SI SK TA UN VA WR YA
Minimum - Required Local Effort

A.


MILL EQUIVALENT
FY2007 Based on Full & True Assessed Values
5.0
4.0
3.0
2.0
1.0
0.0
AE AN BB CO CG DE DI FB GA HA HO HY JU KA KE KT KL KO LP MS NE NO NS NW PL PT SM SI SK TA UN VA WR YA
Minimum - Required Local Effort

B.

Updated 7/23/07
Prior Year to Year Comparison SB174 Interpretation

District	FY02 Increased State Aid	FY03 Increased State Aid	FY04 Increased State Aid	FY05 Increased State Aid	FY06 Increased State Aid	FY07 Increased State Aid	FY08 *Projected* Increased State Aid
Alaska Gateway	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-
Aleutians East Borough	489	-	-	-	-	-	10,541
Anchorage	1,827,538	3,373,945	1,883,746	4,022,205	2,872,911	4,852,732	7,512,574
Annette Island	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-
Bristol Bay Borough	-	231	-	-	-	1,414	50,925
Chatham	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-
Cordova	16,964	17,271	-	12,646	11,688	-	-
Craig	-	613	-	-	12,164	-	-
Delta/Greely	-	-	-	-	-	-	-
Denali Borough	-	62,868	-	13,057	-	-	76,348
Dillingham	3,763	22,322	-	-	23,771	-	93,061
Fairbanks North Star Bo	252,784	359,612	331,637	465,183	977,676	1,102,688	1,616,233
Galena	121	-	407	782	-	-	3,772
Haines Borough	11,922	25,475	-	5,356	2,672	49,072	55,612
Hoonah	-	24,852	-	-	-	-	1,419
Hydaburg	-	656	-	-	-	-	1,025
Iditarod Area	-	-	-	-	-	-	-
Juneau Borough	276,478	427,094	76,482	101,891	329,618	845,162	1,454,058
Kake	-	345	778	2,196	-	-	754
Kashunamiut	-	-	-	-	-	-	-
Kenai Peninsula Borou	396,460	559,139	683,807	944,794	337,759	509,377	812,703
Ketchikan Gateway Bor	61,700	108,936	-	-	14,894	122,391	153,359
Klawock	-	973	-	-	-	-	7,495
Kodiak Island Borough	82,466	-	51,852	-	73,870	126,972	77,341
Kuspuk	-	-	-	-	-	-	-
Lake & Peninsula Borou	-	2,432	-	-	-	-	3,241
Lower Kuskokwim	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-
Mat-Su Borough	554,203	424,067	507,389	785,317	1,460,882	2,407,391	2,917,179
Nenana	-	1,586	254	1,590	-	7,312	1,617
Nome	38,395	-	-	10,313	-	29,991	62,882
North Slope Borough	-	-	-	-	-	-	-
Northwest Arctic Borou	-	-	2,024	-	-	-	6,996
Pelican	663	-	-	4,416	699	-	-
Petersburg	20,751	9,099	-	28,248	49,582	55,670	-
Pribilof	-	-	-	-	-	-	-
Saint Marys	71	373	-	853	-	-	371
Sitka Borough	45,060	40,088	49,619	59,317	75,220	69,055	281,507
Skagway	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-
Tanana	-	-	-	-	-	-	588
Unalaska	-	-	-	-	48,472	51,916	88,667
Valdez	-	-	-	-	-	-	-
Wrangell	4,884	32,134	-	-	4,231	195	-
Yakutat	530	5,056	19,152	-	2,655	-	2,109
Yukon Flats	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-
Yupiit	-	-	-	-	-	-	-
Mt. Edgecumbe High Sc	-	-	-	-	-	-	-
TOTAL	**$3,595,242**	**$5,499,167**	**$3,607,147**	**$6,458,164**	**$6,298,764**	**$10,231,338**	**$15,292,377**

Department of Education
and Early Development
Local Effort in Mill Equivalents - Based on Prior Year Comparison
Updated 7/23/07

Year to Year Comparison - Interprretation SB174

District	FY02	FY03	FY04	FY05	FY06	FY07	Projected FY08
Alaska Gateway	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-
Aleutians East Borough	4.0	4.0	4.0	3.9	4.0	4.0	3.9
Anchorage	3.9	3.8	3.9	3.8	3.9	3.8	3.7
Annette Island	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-
Bristol Bay Borough	4.0	4.0	4.0	4.0	4.0	4.0	3.7
Chatham	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-
Cordova	3.9	3.9	4.0	3.9	3.9	4.0	4.0
Craig	4.0	4.0	4.0	4.0	3.9	4.0	4.0
Delta/Greely	-	-	-	-	-	-	-
Denali Borough	4.0	3.6	4.0	3.9	4.0	4.0	3.6
Dillingham	4.0	3.9	4.0	4.0	3.8	4.0	3.5
Fairbanks North Star Borough	3.9	3.9	3.9	3.9	3.8	3.8	3.8
Galena	4.0	4.0	4.0	4.0	4.0	4.0	3.8
Haines Borough	3.9	3.9	4.0	4.0	4.0	3.8	3.8
Hoonah	4.0	3.3	4.0	4.0	4.0	4.0	4.0
Hydaburg	4.0	3.9	4.0	4.0	4.0	4.0	3.9
Iditarod Area	-	-	-	-	-	-	-
Juneau Borough	3.9	3.8	4.0	4.0	3.9	3.8	3.7
Kake	4.0	4.0	4.0	3.9	4.0	4.0	4.0
Kashunamiut	-	-	-	-	-	-	-
Kenai Peninsula Borough	3.9	3.9	3.9	3.8	3.9	3.9	3.9
Ketchikan Gateway Borough	3.9	3.9	4.0	4.0	4.0	3.9	3.9
Klawock	4.0	4.0	4.0	4.0	4.0	4.0	3.8
Kodiak Island Borough	3.9	4.0	3.9	4.0	3.9	3.9	3.9
Kuspuk	-	-	-	-	-	-	-
Lake & Peninsula Borough	4.0	4.0	4.0	4.0	4.0	4.0	3.9
Lower Kuskokwim	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-
Mat-Su Borough	3.8	3.9	3.9	3.8	3.7	3.6	3.6
Nenana	4.0	3.9	4.0	3.9	4.0	3.7	3.9
Nome	3.8	4.0	4.0	4.0	4.0	3.9	3.8
North Slope Borough	-	-	-	-	-	-	-
Northwest Arctic Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Pelican	3.9	4.0	4.0	3.7	4.0	4.0	4.0
Petersburg	3.9	4.0	4.0	3.9	3.8	3.8	4.0
Pribilof	-	-	-	-	-	-	-
Saint Marys	4.0	3.9	4.0	3.8	4.0	4.0	3.9
Sitka Borough	3.9	3.9	3.9	3.9	3.9	3.9	3.7
Skagway	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-
Tanana	4.0	4.0	4.0	4.0	4.0	4.0	3.9
Unalaska	-	-	4.0	4.0	3.9	3.9	3.8
Valdez	-	-	-	-	-	-	-
Wrangell	4.0	3.8	4.0	4.0	4.0	4.0	4.0
Yakutat	4.0	3.9	3.7	4.0	4.0	4.0	4.0
Yukon Flats	-	-	-	-	-	-	
Yukon/Koyukuk	-	-	-	-	-	-	
Yupiit	-	-	-	-	-	-	
Mt. Edgecumbe High School	-	-	-	-	-	-	

The Department of Education & Early Development
July 30, 2007
Transmittal of Task Force Data Request

The following documents are in PDF format and attached:

- INTENSIVE COUNT COST

This spreadsheet presents the current FY2008 projected intensive student count per district and the current state cost through the foundation program at 5X Base Student Allocation (BSA). The spreadsheet projects state cost at increments of 7X, 9X, 11X, 13X and 15X.

- FY98 – FY07 Pupil Transportation Annual Costs

The Chart on the first page presents FY98 – FY2007 statewide costs for pupil transportation. These costs are funded through a separate pupil transportation appropriation. The data on page two presents the FY2006 state cost by school district and the FY2006 actual expenditures as reported in audited financial statements. The year ended June 30, 2006 is the most recent audited data available. FY2007 audited data will be available upon compilation after the November 15 submittal deadline.

Department of Education and Early Development
July 2007

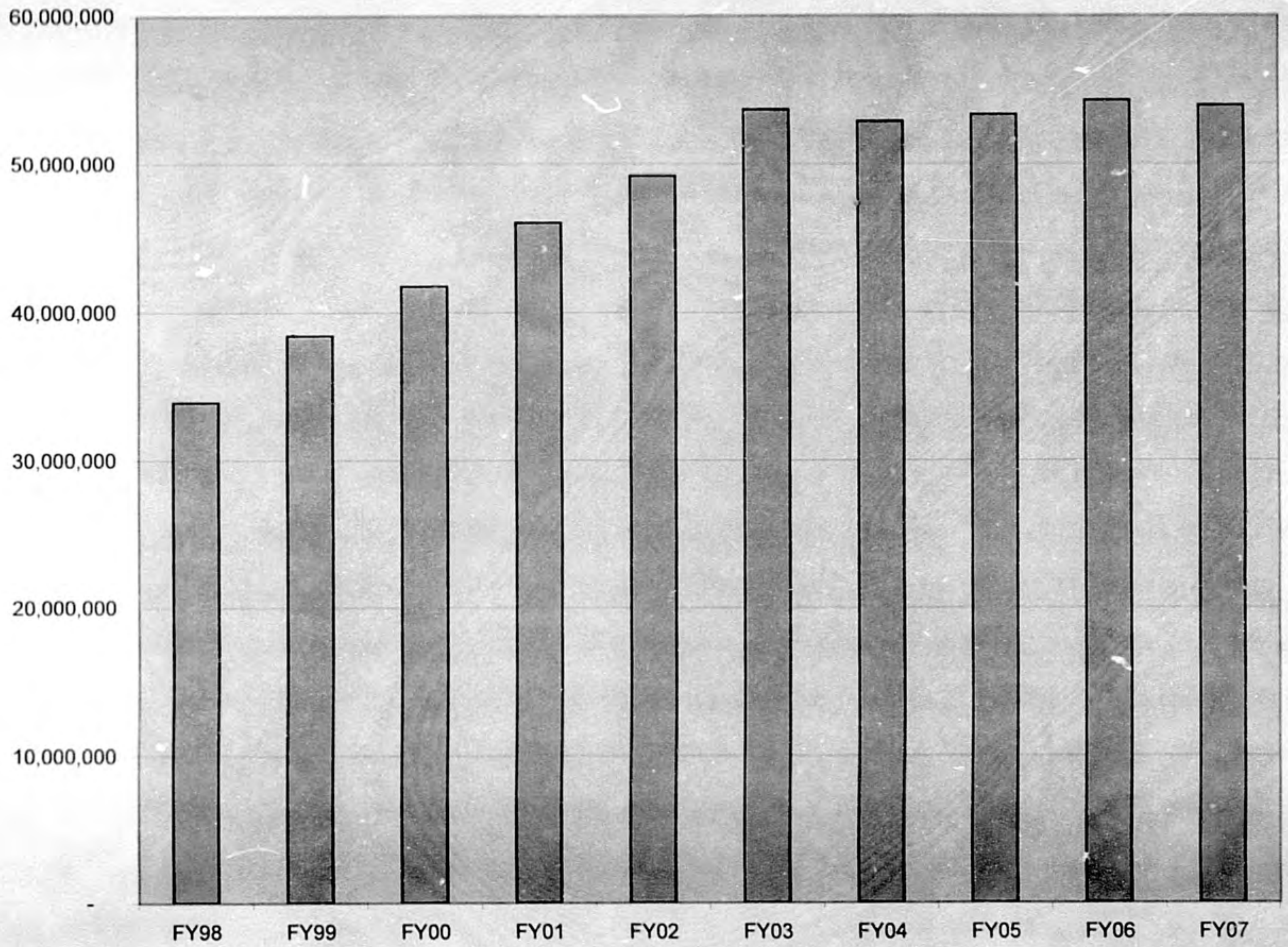
INTENSIVE COUNT COST

School District	FY08 Projected Intensive Count	Current Intensive Count x5	Intensive Count x7	Intensive Count x9	Intensive Count x11	Intensive Count x13	Intensive Count x14	Intensive Count x15
Alaska Gateway	6	$ 161,400	$ 225,960	$ 290,520	$ 355,080	$ 419,640	$ 451,920	$ 484,200
Aleutian Region	0	-	-	-	-	-	-	-
Aleutians East Borough	0	-	-	-	-	-	-	-
Anchorage	680	18,292,000	25,608,800	32,925,600	40,242,400	47,559,200	51,217,600	54,876,000
Annette Island	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
Bering Strait	17	457,300	640,220	823,140	1,006,060	1,188,980	1,280,440	1,371,900
Bristol Bay Borough	3	80,700	112,980	145,260	177,540	209,820	225,960	242,100
Chatham	3	80,700	112,980	145,260	177,540	209,820	225,960	242,100
Chugach	0	-	-	-	-	-	-	-
Copper River	10	269,000	376,600	484,200	591,800	699,400	753,200	807,000
Cordova	6	161,400	225,960	290,520	355,080	419,640	451,920	484,200
Craig	10	269,000	376,600	484,200	591,800	699,400	753,200	807,000
Delta/Greely	8	215,200	301,280	387,360	473,440	559,520	602,560	645,600
Denali Borough	3	80,700	112,980	145,260	177,540	209,820	225,960	242,100
Dillingham	8	215,200	301,280	387,360	473,440	559,520	602,560	645,600
Fairbanks N. Star Borough	262	7,047,800	9,866,920	12,686,040	15,505,160	18,324,280	19,733,840	21,143,400
Galena	1	26,900	37,660	48,420	59,180	69,940	75,320	80,700
Haines Borough	5	134,500	188,300	242,100	295,900	349,700	376,600	403,500
Hoonah	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
Hydaburg	1	26,900	37,660	48,420	59,180	69,940	75,320	80,700
Iditarod Area	0	-	-	-	-	-	-	-
Juneau Borough	145	3,900,500	5,460,700	7,020,900	8,581,100	10,141,300	10,921,400	11,701,500
Kake	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
Kashunamiut	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
Kenai Peninsula Borough	83	2,232,700	3,125,780	4,018,860	4,911,940	5,805,020	6,251,560	6,698,100
Ketchikan Gateway Borough	25	672,500	941,500	1,210,500	1,479,500	1,748,500	1,883,000	2,017,500
Klawock	3	80,700	112,980	145,260	177,540	209,820	225,960	242,100
Kodiak Island Borough	25	672,500	941,500	1,210,500	1,479,500	1,748,500	1,883,000	2,017,500
Kuspuk	0	-	-	-	-	-	-	-
Lake & Peninsula Borough	2	53,800	75,320	96,840	118,360	139,880	150,640	161,400
Lower Kuskokwim	61	1,640,900	2,297,260	2,953,620	3,609,980	4,266,340	4,594,520	4,922,700
Lower Yukon	13	349,700	489,580	629,460	769,340	909,220	979,160	1,049,100
Mat-Su Borough	125	3,362,500	4,707,500	6,052,500	7,397,500	8,742,500	9,415,000	10,087,500
Nenana	3	80,700	112,980	145,260	177,540	209,820	225,960	242,100
Nome	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
North Slope Borough	9	242,100	338,940	435,780	532,620	629,460	677,880	726,300
Northwest Arctic Borough	18	484,200	677,880	871,560	1,065,240	1,258,920	1,355,760	1,452,600
Pelican	0	-	-	-	-	-	-	-
Petersburg	11	295,900	414,260	532,620	650,980	769,340	828,520	887,700
Pribilof	0	-	-	-	-	-	-	-
Saint Mary's	1	26,900	37,660	48,420	59,180	69,940	75,320	80,700
Sitka Borough	36	968,400	1,355,760	1,743,120	2,130,480	2,517,840	2,711,520	2,905,200
Skagway	1	26,900	37,660	48,420	59,180	69,940	75,320	80,700
Southeast Island	5	134,500	188,300	242,100	295,900	349,700	376,600	403,500
Southwest Region	6	161,400	225,960	290,520	355,080	419,640	451,920	484,200
Tanana	0	-	-	-	-	-	-	-
Unalaska	2	53,800	75,320	96,840	118,360	139,880	150,640	161,400
Valdez	11	295,900	414,260	532,620	650,980	769,340	828,520	887,700
Wrangell	1	26,900	37,660	48,420	59,180	69,940	75,320	80,700
Yakutat	0	-	-	-	-	-	-	-
Yukon Flats	5	134,500	188,300	242,100	295,900	349,700	376,600	403,500
Yukon/Koyukuk	6	161,400	225,960	290,520	355,080	419,640	451,920	484,200
Yupiit	4	107,600	150,640	193,680	236,720	279,760	301,280	322,800
Mt. Edgecumbe High School	0	-	-	-	-	-	-	-
TOTAL		**$ 44,223,600**	**$ 61,913,040**	**$ 79,602,480**	**$ 97,291,920**	**$ 114,981,360**	**$ 123,826,080**	**$ 132,670,800**

NOTE: Based on FY08 projected ADM and BSA at $5,380.

Department of Education & Early Development
FY98 - FY07 Pupil Transportation Annual Costs

Year	Total
FY98	33,921,953
FY99	38,405,317
FY00	41,725,827
FY01	46,026,270
FY02	49,202,356
FY03	53,727,800
FY04	52,884,414
FY05	53,355,753
FY06	54,319,877
FY07	53,993,519



Note:
FY98 - FY03 - Costs based on full reimbursed district pupil transportation costs.
FY04 - FY07 - Costs based on set-rate grant to districts.

Department of Education & Early Development
Pupil Transportation Program FY2006
Comparison of Grant to Actuals

DISTRICT	ACTUAL FY06 ADM	FY06 PER-CHILD COST	ACTUAL FY06 GRANT	ACTUAL FY06 COSTS	Difference Grant less Costs
ALASKA GATEWAY	359.70	1,227	441,352	552,271	(110,919)
ALEUTIAN REGION	44.00	0	0	0	0
ALEUTIANS EAST	246.40	223	54,947	54,360	587
ANCHORAGE	48,507.56	357	17,317,199	16,303,868	1,013,331
ANNETTE ISLAND	291.29	94	27,381	18,416	8,965
BERING STRAIT	1,668.30	44	73,405	73,405	0
BRISTOL BAY	179.00	1,227	219,633	318,150	(98,517)
CHATHAM	200.00	71	14,200	39,714	(25,514)
CHUGACH	85.40	0	0	0	0
COPPER RIVER	532.40	1,227	653,255	680,864	(27,609)
CORDOVA	446.95	174	77,769	110,170	(32,401)
CRAIG	369.50	367	135,607	72,606	63,001
DELTA/GREELY	833.50	1,227	1,022,705	1,149,085	(126,380)
DENALI	280.00	1,203	336,840	369,475	(32,635)
DILLINGHAM	550.90	845	465,511	478,113	(12,602)
FAIRBANKS	14,269.67	621	8,861,465	9,135,639	(274,174)
GALENA	195.50	226	44,183	44,183	0
HAINES	270.40	554	149,802	157,311	(7,509)
HOONAH	166.50	190	31,635	31,635	0
HYDABURG	72.50	0	0	0	0
IDITAROD	241.01	144	34,705	32,128	2,577
JUNEAU	5,155.20	391	2,015,683	2,289,183	(273,500)
KAKE	116.00	187	21,692	19,678	2,014
KASHUNAMIUT	330.55	10	3,306	1,590	1,716
KENAI PENINSULA	8,681.33	529	4,592,424	4,674,831	(82,407)
KETCHIKAN	2,260.37	562	1,270,328	1,357,795	(87,467)
KLAWOCK	135.60	197	26,713	26,713	0
KODIAK	2,647.27	454	1,201,861	1,328,397	(126,536)
KUSPUK	415.00	550	228,250	165,893	62,357
LAKE & PENINSULA	386.42	272	105,106	153,532	(48,426)
LOWER KUSKOKWIM	3,930.25	151	593,468	669,107	(75,639)
LOWER YUKON	2,036.75	2	4,074	3,584	490
MAT-SU	14,212.58	760	10,801,561	9,916,451	885,110
NENANA	224.55	588	132,035	107,558	24,477
NOME	763.85	374	285,680	292,683	(7,003)
NORTH SLOPE	1,726.15	451	778,494	1,324,054	(545,560)
NORTHWEST ARCTIC	2,018.85	23	46,434	35,994	10,440
PELICAN	13.60	64	870	870	0
PETERSBURG	591.45	239	141,357	144,500	(3,143)
PRIBILOF	114.75	0	0	0	0
ST. MARY'S	164.80	4	659	8,236	(7,577)
SITKA	1,449.98	414	600,292	562,219	38,073
SKAGWAY	109.25	31	3,387	2,979	408
SOUTHEAST ISLAND	200.90	1,227	246,504	191,605	54,899
SOUTHWEST REGION	668.70	325	217,328	346,312	(128,984)
TANANA	57.55	400	23,020	16,264	6,756
UNALASKA	397.50	545	216,638	220,514	(3,876)
VALDEZ	797.13	482	384,217	452,812	(68,595)
WRANGELL	369.85	439	162,364	182,039	(19,675)
YAKUTAT	132.50	448	59,360	73,229	(13,869)
YUKON FLATS	270.33	262	70,826	67,867	2,959
YUKON/KOYUKUK	370.75	333	123,460	90,324	33,136
YUPIIT	446.15	2	892	0	892
TOTALS	121,006		54,319,877	54,348,206	(28,329)