

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 153 327145

Conclusion

As I said when I began – you have undertaken a huge task. You may find, like Alexander the Great, you're required to slice through, rather than untie, the fabled Gordian Knot. In doing that – you'll need to act with expedience and the best data you have available.

To that end, I offer:

~~The FNSB (and large municipalities in general) do not support changing "the dollar" through the minimum local contribution.~~ Our observation is that this portion of the formula is not broken – it is working as was intended – to reduce the gap between communities that are contributing greatly through their taxpayers and those that aren't. In the interest of fairness and local taxpayer equity, please don't repeal it. If you do indeed feel a fix is in order, then retain the section of law that protects growing municipalities.

~~Large municipalities have been doing their part – as has the state. The data on local contributions since 2001 back that statement up.~~ Rhetoric to the contrary used to support more money for specific school districts diverts attention from the problems with the ISER methodology, nothing more.

~~The DCF's do need updated. The JLETF does not have time to re-commission another study. Rather – use what you have that you trust, and make your best judgment. In my mind – that would be rejecting the social engineering adjustment for salaries inherent in the ISER report.~~

~~Finally – recognize~~ that all districts are doing their best to get by on the money they have. Anchorage, Mat Su, and Fairbanks could use additional school funding – just like Kenai, Sitka, and the REAA's. I just can't envision that up to \$50M (50% of ISER implementation) without any going to Anchorage – and only a small fraction to most large municipal districts) is the way to go. ~~Funding needs exist throughout the state. Please recognize that throughout your deliberations.~~

Again, thank you for the work you have volunteered to do this summer. We all appreciate the seriousness of the task and the effort you're putting into the project.

Back-up Charts and Data
JLETF Testimony – 7/11/07
Bob Shefchik, FNSB
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I. Real Dollar Change in Local Contribution 2001-2007

This chart displays the "Budgeted Local" contribution as reported to DEED by the local school districts. It is sorted (in descending order) by amount of increase in local contribution since 2001. This demonstrated that: The 5 largest municipalities and Kodiak have made:

1. The largest dollar increases to education across that six year time period
2. 98% of the net total increase of all 54 districts across that six year time period.

The salient point of the chart is that those municipalities benefiting from the 2001 change in the required minimum contribution remain those paying the most toward education – in amount and increases since 2001.

II. Change in Local Contribution 2001-2007

This chart provides comparable information to Chart I – in that it uses the 2001-2007 budgeted local contributions as a basis for measuring changes in effort across time. However, rather than the real dollar increase in contribution (which tends to favor those with the largest budgets) Chart II displays the percent change in contribution across the past six year. Similar to Chart I, this analysis demonstrates the same six municipalities are at the top in percentage increase as well as real dollar increase to education.

III. Local Taxpayer Consequences 2009-2013

This chart looks at the potential impact on local taxpayers of the DEED 4/12/07 proposal to change the local required contribution deduct from current law to a flat 3 mills. Assessed valuations for the five large municipalities were projected five years into the future using the average increase across the past five years. The impact on these five municipalities approaches \$100 million across the next five years.

IV. Alaska Budget Report February 22, 2007

An annotated version of the 2/22/07 ABR article entitled, "ANALYSIS: growing disparity in state aid to school districts", is provided. Highlighted in yellow are specific inaccurate and/or misleading statements. Handwritten annotations provide some correcting data for the reader.

V. Changes in Mill Equivalent for Local Contribution 2001-2007

This chart summarizes the DEED calculation of budgeted mill equivalents across the past six years. The mill equivalent data shows the six profiled school districts more distributed than the amount or percent increase data. It does, however, demonstrate that all six municipalities profiled remain in a competitive range for mill equivalent for local contribution.

**Real Dollar Change in Local Contribution
2001-2007**

CHART I

		2007 BUDGETED LOCAL	2006 BUDGETED LOCAL	2005 BUDGETED LOCAL	2004 BUDGETED LOCAL	2003 BUDGETED LOCAL	2002 BUDGETED LOCAL	2001 BUDGETED LOCAL	\$ increase 2001 to 2007	
ANCHORAGE	= AN	155,257,376	\$ 144,322,321	\$ 133,412,722	\$ 121,490,834	\$ 114,373,207	\$ 107,301,568	102,613,031	\$ 52,644,345	
MADEIRA	= MS	39,580,405	\$ 38,080,405	\$ 34,169,622	\$ 32,713,868	\$ 30,231,660	\$ 29,612,526	26,156,325	\$ 13,424,080	\$ 87,892,362
FAIRBANKS	= FB	40,022,700	\$ 38,022,700	\$ 36,545,700	\$ 34,545,700	\$ 33,545,700	\$ 32,545,700	32,045,700	\$ 2,977,000	98%
KENAI	= KE	36,761,137	\$ 34,973,682	\$ 33,748,909	\$ 31,630,745	\$ 30,618,860	\$ 30,189,118	29,628,226	\$ 7,132,911	percent of increase
JUNEAU	= JU	21,516,557	\$ 19,795,864	\$ 18,834,991	\$ 18,171,200	\$ 17,731,200	\$ 17,276,600	16,824,100	\$ 4,692,457	statewide since 2001
KODIAK	= KO	8,671,260	\$ 8,632,440	\$ 8,332,440	\$ 8,176,140	\$ 7,428,610	\$ 7,062,110	6,649,701	\$ 2,021,559	
KETCHIKAN	= KT	8,834,981	\$ 7,928,731	\$ 7,635,740	\$ 7,375,117	\$ 7,277,769	\$ 7,545,638	7,426,187	\$ 1,408,794	
VALDEZ /2	= VA	5,514,717	\$ 5,348,532	\$ 4,949,341	\$ 4,595,244	\$ 4,601,314	\$ 4,539,814	4,376,341	\$ 1,138,376	
NOME	= NO	1,676,850	\$ 1,420,577	\$ 1,420,577	\$ 1,420,577	\$ 1,219,712	\$ 1,198,373	1,034,427	\$ 642,423	
SITKA	= SI	5,167,940	\$ 5,017,417	\$ 4,787,297	\$ 4,783,837	\$ 4,731,881	\$ 4,593,952	4,601,409	\$ 566,531	
UNALASKA	= UN	2,590,001	\$ 2,430,050	\$ 2,270,386	\$ 2,190,139	\$ 2,175,965	\$ 2,068,879	2,064,486	\$ 525,515	
NORTHWEST ARC	= NW	3,541,589	\$ 3,541,589	\$ 3,215,493	\$ 3,215,493	\$ 3,215,493	\$ 3,215,493	3,224,486	\$ 317,103	
DENALI	= DE	1,350,000	\$ 1,250,000	\$ 1,250,000	\$ 1,276,650	\$ 1,220,856	\$ 1,153,194	1,070,462	\$ 279,538	
DILLINGHAM	= DI	1,125,000	\$ 1,010,000	\$ 1,000,000	\$ 1,100,000	\$ 1,000,000	\$ 1,128,494	942,500	\$ 182,500	
PETERSBURG	= PT	1,991,744	\$ 1,793,674	\$ 1,655,469	\$ 1,835,409	\$ 1,975,976	\$ 1,923,454	1,839,062	\$ 152,682	
SKAGWAY /2	= SK	942,115	\$ 868,778	\$ 841,452	\$ 850,579	\$ 868,558	\$ 896,547	816,294	\$ 125,821	
KLAWOCK	= KL	362,000	\$ 365,960	\$ 300,000	\$ 316,414	\$ 138,000	\$ 332,297	259,133	\$ 102,867	
CRAIG	= CG	785,958	\$ 777,341	\$ 959,486	\$ 1,101,603	\$ 1,046,603	\$ 903,925	686,166	\$ 99,790	
LAKE AND PENINS	= LP	935,394	\$ 869,253	\$ 869,253	\$ 858,435	\$ 1,054,600	\$ 841,324	837,164	\$ 98,230	
CORDOVA	= CO	1,398,036	\$ 1,366,000	\$ 1,366,000	\$ 1,333,000	\$ 1,254,000	\$ 1,050,000	1,300,000	\$ 98,036	
YAKUTAT	= YA	483,000	\$ 477,000	\$ 421,000	\$ 427,000	\$ 452,000	\$ 481,000	457,708	\$ 25,292	
HAINES	= HA	1,419,044	\$ 1,384,044	\$ 1,385,144	\$ 1,338,224	\$ 1,381,198	\$ 1,430,651	1,394,684	\$ 24,360	
NENANA	= NE	94,880	\$ 72,661	\$ 73,183	\$ 70,880	\$ 70,372	\$ 72,306	83,309	\$ 11,571	
PELICAN	= PL	51,857	\$ 52,820	\$ 52,121	\$ 46,251	\$ 48,989	\$ 50,487	49,161	\$ 2,696	
19 REAA		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
HYDABURG	= HY	65,000	\$ 65,000	\$ 117,000	\$ 117,000	\$ 169,768	\$ 65,000	65,000	\$ -	
SAINT MARY'S	= SM	19,786	\$ 18,789	\$ 18,789	\$ 19,000	\$ 18,446	\$ 19,000	25,000	\$ (5,214)	
KAKE	= KA	110,000	\$ 310,000	\$ 110,000	\$ 280,000	\$ 150,000	\$ 150,000	150,000	\$ (40,000)	
TANANA	= TA	22,692	\$ 22,692	\$ 76,020	\$ 22,973	\$ 74,148	\$ 74,148	74,148	\$ (51,456)	
HOONAH	= HO	459,400	\$ 459,400	\$ 493,400	\$ 491,865	\$ 459,400	\$ 500,000	536,001	\$ (76,601)	
ALEUTIANS EAST	= AE	\$800,000	\$ 1,124,000	\$ 1,100,000	\$ 900,000	\$ 820,000	\$ 700,000	960,301	\$ (160,301)	
BRISTOL BAY	= BB	873,811	\$ 926,331	\$ 921,579	\$ 1,217,947	\$ 1,093,016	\$ 1,197,866	1,196,607	\$ (322,796)	
GALENA	= GA	525,160	\$ 500,160	\$ 459,172	\$ 1,091,110	\$ 940,730	\$ 940,730	991,630	\$ (466,470)	
WRANGELL	= WR	801,352	\$ 801,352	\$ 892,072	\$ 834,436	\$ 804,352	\$ 714,352	1,293,476	\$ (492,124)	
NORTH SLOPE /2	= NS	23,979,343	\$ 23,733,050	\$ 23,546,248	\$ 22,991,968	\$ 24,491,968	\$ 25,991,968	26,078,673	\$ (2,099,330)	
TOTALS		\$367,731,083	\$ 347,762,613	\$ 327,230,606	\$ 308,829,438	\$ 296,684,351	\$ 287,766,514	277,750,898	\$ 89,980,185	

**Percent Change in Local Contribution
2001-2007**

CHART II

		2007 BUDGETED LOCAL	2006 BUDGETED LOCAL	2005 BUDGETED LOCAL	2004 BUDGETED LOCAL	2003 BUDGETED LOCAL	2002 BUDGETED LOCAL	2001 BUDGETED LOCAL	% Incr 2001 to 2007
NOME	= NO	1,676,850	\$ 1,420,577	\$ 1,420,577	\$ 1,420,577	\$ 1,219,712	\$ 1,198,373	1,034,427	62%
MAT-SU	= MS	39,580,405	\$ 38,080,405	\$ 34,169,622	\$ 32,713,868	\$ 30,231,660	\$ 29,612,526	26,156,325	51%
ANCHORAGE	= AN	155,257,376	\$ 144,322,321	\$ 133,412,722	\$ 121,490,634	\$ 114,373,207	\$ 107,301,568	102,613,031	51%
KLAWOCK	= KL	362,000	\$ 365,960	\$ 300,000	\$ 316,414	\$ 138,000	\$ 332,297	259,133	40%
KODIAK	= KO	8,671,260	\$ 8,632,440	\$ 8,332,440	\$ 8,176,140	\$ 7,428,610	\$ 7,062,110	6,649,701	30%
JUNEAU	= JU	21,516,557	\$ 19,795,864	\$ 18,834,991	\$ 18,171,200	\$ 17,731,200	\$ 17,276,600	16,824,100	28%
DENALI	= DE	1,350,000	\$ 1,250,000	\$ 1,250,000	\$ 1,276,650	\$ 1,220,856	\$ 1,153,194	1,070,462	26%
VALDEZ /2	= VA	5,514,717	\$ 5,348,532	\$ 4,949,341	\$ 4,595,244	\$ 4,601,314	\$ 4,539,814	4,376,341	28%
UNALASKA	= UN	2,590,001	\$ 2,430,050	\$ 2,270,386	\$ 2,190,139	\$ 2,175,965	\$ 2,068,879	2,064,486	25%
FAIRBANKS	= FB	40,022,700	\$ 38,022,700	\$ 36,545,700	\$ 34,545,700	\$ 33,545,700	\$ 32,545,700	32,045,700	25%
KENAI	= KE	36,761,137	\$ 34,973,682	\$ 33,748,909	\$ 31,630,745	\$ 30,618,860	\$ 30,189,118	29,628,226	24%
DILLINGHAM	= DI	1,125,000	\$ 1,010,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,128,494	942,500	19%
KETCHIKAN	= KT	8,834,981	\$ 7,928,731	\$ 7,635,740	\$ 7,375,117	\$ 7,277,769	\$ 7,545,638	7,426,187	10%
SKAGWAY /2	= SK	942,115	\$ 868,778	\$ 841,452	\$ 850,579	\$ 868,558	\$ 896,547	816,294	15%
CRAIG	= CG	785,956	\$ 777,341	\$ 959,486	\$ 1,101,603	\$ 1,046,603	\$ 903,925	686,166	15%
NENANA	= NE	94,880	\$ 72,661	\$ 73,183	\$ 70,880	\$ 70,372	\$ 72,306	83,309	14%
SITKA	= SI	5,167,940	\$ 5,017,417	\$ 4,787,297	\$ 4,783,837	\$ 4,731,881	\$ 4,593,952	4,601,409	12%
LAKE AND PENINS	= LP	935,394	\$ 869,253	\$ 869,253	\$ 858,435	\$ 1,054,600	\$ 841,324	837,164	12%
NORTHWEST ARC	= NW	3,541,589	\$ 3,541,589	\$ 3,215,493	\$ 3,215,493	\$ 3,215,493	\$ 3,215,493	3,224,486	10%
PETERSBURG	= PT	1,991,744	\$ 1,793,674	\$ 1,655,469	\$ 1,835,409	\$ 1,975,976	\$ 1,923,454	1,839,062	8%
CORDOVA	= CO	1,398,036	\$ 1,366,000	\$ 1,366,000	\$ 1,333,000	\$ 1,254,000	\$ 1,050,000	1,300,000	8%
YAKUTAT	= YA	483,000	\$ 477,000	\$ 421,000	\$ 427,000	\$ 452,000	\$ 481,000	457,708	6%
PELICAN	= PL	51,857	\$ 52,820	\$ 52,121	\$ 46,251	\$ 48,989	\$ 50,487	49,161	5%
HAINES	= HA	1,419,044	\$ 1,384,044	\$ 1,385,144	\$ 1,338,224	\$ 1,381,198	\$ 1,430,651	1,394,684	2%
HYDABURG	= HY	65,000	\$ 65,000	\$ 117,000	\$ 117,000	\$ 169,768	\$ 65,000	65,000	0%
NORTH SLOPE /2	= NS	23,979,343	\$ 23,733,050	\$ 23,546,248	\$ 22,991,968	\$ 24,491,968	\$ 25,991,968	26,078,673	-6%
HOONAH	= HO	459,400	\$ 459,400	\$ 493,400	\$ 491,865	\$ 459,400	\$ 500,000	536,001	-14%
ALEUTIANS EAST	= AE	\$800,000	\$ 1,124,000	\$ 1,100,000	\$ 900,000	\$ 820,000	\$ 700,000	960,301	-17%
SAINT MARY'S	= SM	19,786	\$ 18,789	\$ 18,789	\$ 19,000	\$ 18,446	\$ 19,000	25,000	-21%
KAKE	= KA	110,000	\$ 310,000	\$ 110,000	\$ 280,000	\$ 150,000	\$ 150,000	150,000	-27%
BRISTOL BAY	= BB	873,811	\$ 926,331	\$ 921,579	\$ 1,217,947	\$ 1,093,016	\$ 1,197,866	1,196,607	-27%
WRANGELL	= WR	801,352	\$ 801,352	\$ 892,072	\$ 834,436	\$ 804,352	\$ 714,352	1,293,476	-38%
GALENA	= GA	525,160	\$ 500,160	\$ 459,172	\$ 1,091,110	\$ 940,730	\$ 940,730	991,630	-47%
TANANA	= TA	22,692	\$ 22,692	\$ 76,020	\$ 22,973	\$ 74,148	\$ 74,148	74,148	-69%
19 REAA		\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTALS		\$367,731,083	\$ 347,762,613	\$ 327,230,606	\$ 308,829,438	\$ 296,684,351	\$ 287,766,514	277,750,898	128%

Anch & Mat SU
used for 2nd statewide
since 2001 and
all in top 11 out of 54
districts and REAA's

Local Taxpayer Consequences

CHART III

DEED 4/12/07 Proposed Increase to Deduct from State Aid for Schools

	1-Jan-06 Determined Total Full Value	1/1/2007 Projected ** Total Full Value	2008 Projected ** Total Full Value	2009 Projected ** Total Full Value	2010 Projected ** Total Full Value	2011 Projected ** Total Full Value
Municipality of Anchorage	28,833,782,720	31,591,734,037	34,613,483,398	37,924,263,065	41,551,718,849	45,526,140,757
Fairbanks North Star Borough	7,267,077,780	7,825,007,677	8,425,772,641	9,072,661,335	9,769,214,909	10,519,246,384
City & Borough of Juneau	4,249,188,100	4,603,995,306	4,988,428,914	5,404,962,729	5,856,277,117	6,345,276,256
Kenai Peninsula Borough	6,172,932,290	6,567,382,663	6,987,038,416	7,433,510,170	7,908,511,470	8,413,865,353
Matanuska-Susitna Borough	7,507,996,500	8,761,721,630	10,224,797,716	11,932,185,562	13,924,681,569	16,249,894,520

Annual School Cost Shift Under Current Law		FY 2009 Impact	FY 2010 Impact	FY 2011 Impact	FY 2012 Impact	FY 2013 Impact
Municipality of Anchorage	0.002	5,515,903	6,043,499	6,621,559	7,254,912	7,948,844
Fairbanks North Star Borough		1,115,860	1,201,530	1,293,777	1,393,107	1,500,063
City & Borough of Juneau		709,614	768,867	833,068	902,629	977,998
Kenai Peninsula Borough		788,901	839,312	892,944	950,003	1,010,706
Matanuska-Susitna Borough		2,507,446	2,926,152	3,414,776	3,984,992	4,650,426
		10,637,724	11,779,360	13,056,124	14,485,642	16,068,039

Annual School Cost Shift Under Proposed Change		FY 2009 Impact	FY 2010 Impact	FY 2011 Impact	FY 2012 Impact	FY 2013 Impact
Municipality of Anchorage	0.003	8,273,854	9,065,248	9,932,339	10,882,367	11,923,266
Fairbanks North Star Borough		1,673,790	1,802,295	1,940,666	2,089,661	2,250,094
City & Borough of Juneau		1,064,422	1,153,301	1,249,601	1,353,943	1,466,997
Kenai Peninsula Borough		1,183,351	1,258,967	1,339,415	1,425,004	1,516,062
Matanuska-Susitna Borough		3,781,169	4,389,228	5,122,164	5,977,488	6,975,639
		12,195,416	13,279,811	14,462,022	15,750,975	17,156,419

Net Impact on Local Taxpayers (Cumulative Impact****)	Net Loss FY 2009	Net Loss FY 2010	Net Loss FY 2011	Net Loss FY 20112	Net Loss FY 2013
Municipality of Anchorage	(2,757,951)	(5,779,701)	(9,090,480)	(12,717,936)	(16,692,358)
Fairbanks North Star Borough	(557,930)	(1,158,695)	(1,805,584)	(2,502,137)	(3,252,169)
City & Borough of Juneau	(354,807)	(739,241)	(1,155,775)	(1,607,089)	(2,096,068)
Kenai Peninsula Borough	(394,450)	(814,106)	(1,260,578)	(1,736,579)	(2,240,933)
Matanuska-Susitna Borough	(1,253,723)	(2,715,799)	(4,424,187)	(6,416,683)	(8,741,896)
	(5,318,862)	(11,208,542)	(17,736,603)	(24,979,425)	(33,023,444)

5 Year Impact (including FY06 change)
(17,039,427)
(10,276,514)
(5,358,068)
(2,945,847)
(23,553,286)
(62,205,376)

* Source Alaska Taxable

** Projected based on average annual increase for each municipality for the past 5 years

*** Impacts based on 2 year lag in impact of valuation increase on school funding deducts. For 2009 Impact - calculation is (2007 Full value - 2006 Full Value) * .002 [or *.003]. Same lag for future years.

**** Amounts shifted from state aid to municipal taxpayers in Year 1 are also required to be paid the following year PLUS the impacts of previous years. It is this compounding effect that is hard to see in single year calculations.

THIS IS THE TOTAL AMOUNT OF LOCAL TAXPAYER DOLLARS THAT WILL BE REQUIRED TO MAKE UP FOR THE DECREASED STATE REVENUE DUE TO DEED PROPOSED CHANGES

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the base student allocation in the formula; to increase special education aid; and to increase aid for pupil transportation.

Palin's Legislative Director John Bitney testified briefly to thank the committee for hearing the bill. "The governor today reiterated her priority to try to work with the Legislature to achieve early funding.

The bill has a further referral to the House Finance Committee, but the HESS report has not been read across the House floor.

House Finance Co-chair Kevin Meyer opened his committee's consideration of education spending with a February 20 hearing on HB 1, which proposes a \$1 "placeholder" increase in the foundation formula's per-student allocation. Education advocates from across the state testified to the need for more money for education. Meyer held the bill in committee.

Asked about Wilson's bill, Meyer said he hasn't made up his mind about appropriating additional money to districts' retirement accounts. "We could go that route or we could just increase the foundation formula, and I guess my preference would have been to do it in the foundation formula so that next year you start at the higher base rate."

He said if Wilson wants both an increase in retirement fund aid and an increase to the foundation formula, that's probably "more than we can afford."

Bitney, Palin's legislative director, said the governor hopes for early passage of an education spending plan so districts can plan for next year. But he said key legislators have said their districts are prioritizing increased funding over early funding.

Bitney also acknowledged that lawmakers have a variety of concerns, including the district cost factors, retirement costs, funding for intensive-needs students and the subsidy for districts with growing property tax bases (see story below): "We've come to realize that before this is finalized these other things are going to have to be considered. ... That's probably going to mean more money than what we've put on the table."

ANALYSIS: growing disparity in state aid to school districts

A 2001 law that passed with little scrutiny has dramatically changed the allocation of state aid to school districts, favoring districts showing healthy economic growth.

The provision, engineered by Sen. Gary Wilken, who then chaired the Senate Finance Committee, requires the state to pick up half of the increase since 1999 in a district's required local contribution. Because the local contribution for most districts is set as a percentage of local property values, the change benefits districts with growing property values.

At a February 20 House Finance Committee hearing, School Finance Director Eddy Jeans offered an example to illustrate the impact of the subsidy on local property tax payers:

"To put it in real simple terms, if I had a \$100,000 home out in Bristol Bay ... I would have to contribute \$400 to support education. In Mat-Su, the calculation is the equivalent of \$280 on a \$100,000 home."

Bristol Bay - 2007 = \$660

MAT SU 2007 = \$280

When he introduced the measure as an amendment to a 2001 education spending bill, Wilken characterized the revision as a way to provide tax relief to residents of fast-growing communities [see **House Finance embraces Wilken's aid scheme, moves bill, ALASKA BUDGET REPORT**, May 7, 2001 and **SB 174: Wilken amendment adds urban tilt to aid reallocation**, April 21, 2001].

The subsidy has grown exponentially from \$3.6 million in FY 02, the first year it took effect, to a projected \$50.4 million in FY 08, according to the Department of Education and Early Development.

While the biggest winner in dollar terms is the Anchorage School District, the winner in terms of mill rate is the Matanuska-Susitna Borough, where taxpayers in FY 08 will contribute only 2.8 mills for their schools. The table below shows how the subsidy is allocated.

Districts' FY 08 effective mill rates for education and local-effort subsidy

District	Mill Equivalent	State subsidy (thousands)
Mat-Su Borough	2.8	\$9,056
Anchorage	3.1	\$26,346
Juneau Borough	3.2	\$3,511
Denali Borough	3.2	\$150
Fairbanks North Star Borough	3.3	\$5,106
Kenai Peninsula Borough	3.3	\$4,244
Sitka Borough	3.3	\$620
Hoonah	3.4	\$23
Haines Borough	3.5	\$150
Nome	3.5	\$122
Dillingham	3.5	\$86
Nenana	3.6	\$9
Kodiak Island Borough	3.7	\$395
Ketchikan Gateway Borough	3.7	\$338
Unalaska	3.7	\$146
Petersburg	3.7	\$73
Yakutat	3.7	\$18
Galena	3.8	\$5
Kake	3.8	\$3
Saint Mary's	3.8	\$1
Aleutians East Borough	3.9	\$9
Klawock	3.9	\$5
Hydaburg	3.9	\$1
Northwest Arctic Borough*	4.0	\$9
Cordova*	4.0	\$1
Tanana	4.0	-
Bristol Bay Borough	4.0	-
Craig	4.0	-
Lake & Peninsula Borough	4.0	-
Pelican	4.0	-
Wrangell	4.0	-
		\$50,425

*Mill rates in these communities have dropped but round to 4.0.
Source: Department of Education and Early Development

↓
MAT SU 2007
was 8.8 mills

NOT TRUE

SEE DEED MILL EQUIVALENT CHART

As the table shows, many districts now contribute less than the 4 mills the state's foundation formula nominally requires for districts' local contribution or "local effort." Until 2001, the required local contribution from cities and boroughs was the lesser of:

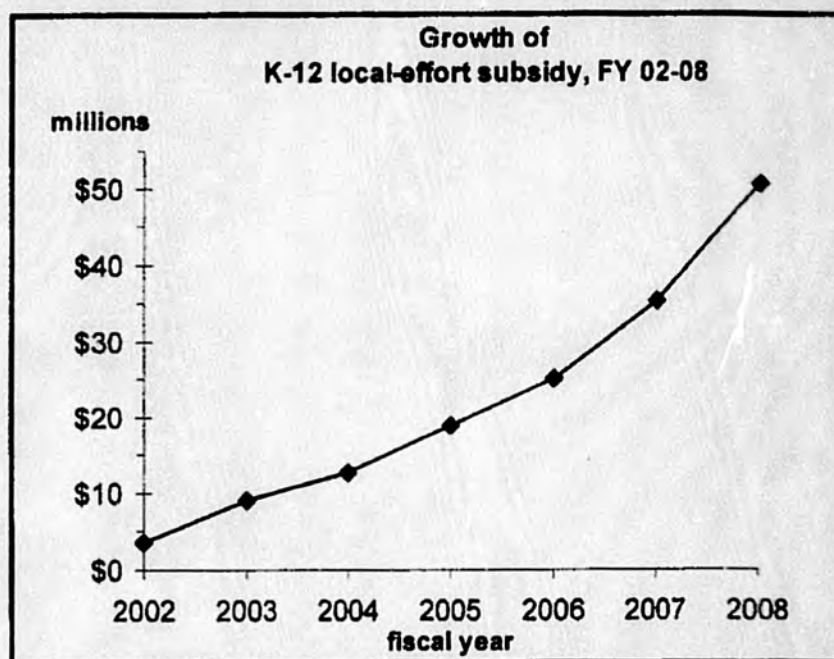
- 4 mills (0.4 percent) of the full and true value of the taxable real and personal property in the district, or
- 45 percent of the district's prior-year basic need.

The 2001 change requires municipalities with rising property tax values to pay 4 mills on only 50 percent of the cumulative increase since 1999.

Not included in the table on page 5 are the state's 19 regional education attendance areas (REAs), because federal impact aid substitutes for their local contribution. Also excluded are the three tax-rich districts that contribute under the 45 percent rule—the North Slope Borough, Valdez and Skagway.

Early on, no one challenged the policy basis for the 2001 subsidy because few people understood it, and in the first year the monetary impact was minor. But as it has grown, so have the stakes for districts. Deleting the provision now is likely a political impossibility: for starters, it would mean a \$26 million hit to the already-struggling Anchorage School District.

The chart below shows growth of the subsidy since its implementation.



In FY 08 the subsidy will cost the state more than two times the \$24 million the governor proposes to spend to partially implement new district cost factors.

15

The 1998 law changing the formula governing distribution of state education aid called for review of the placeholder district cost factors in the bill. Nine years and three studies later, those placeholders remain law as political wrangling has stymied efforts to more equitably match aid to local cost differences. Opponents of the change—those on the losing end of proposed redistributions—say the proposed factors are inaccurate and too costly to the state [see **H. Finance weighs K-12 aid; Chenault pushes reallocation**, *ALASKA BUDGET REPORT*, April 13, 2007 and **New school cost study would boost aid to rural districts**, March 3, 2005].

[For past stories on the local-effort subsidy, see **State K-12 aid grows for districts with rising property values**, *ALASKA BUDGET REPORT*, January 26, 2006 and **2001 education aid change shifts \$25 million in costs to state**, February 3, 2005.]

"MURKOWSKI" TRANSITION REPORTS

In November 2006, senior state officials submitted transition reports, one for each department, to John Bitney, who headed the incoming Palin administration's transition office. Bitney parceled out these "Murkowski" transition reports to the Palin transition teams for each department (which later produced a set of "Palin" transition documents). What happened to them after that is not entirely clear, but based on interviews it does not appear that every incoming Palin official paid close attention to the reports from their predecessors.

The reports contain an interesting mix of:

- *Helpful directions* (Example: Unless they wish to personally sign every hiring, firing and salary change document, new commissioners need to sign an Appointing Authority Signatures form available on DOA's Division of Finance web page);
- *Heads-up warnings* (Example: The incoming Health and Social Services commissioner should be alerted that the Cordova hospital is in dire straits and about to go belly-up);
- *Evenhanded policy briefings* (Example: The Department of Environmental Conservation provided a thoughtful set of organizational options for managing the permitting functions transferred under the Murkowski administration from the Department of Fish and Game's Habitat Division to the Department of Natural Resources); and
- *No-holds barred advocacy* (Example: the Department of Transportation and Public Facilities' plea to continue pouring money into Ketchikan's Gravina Island "bridge to nowhere" project).

This newsletter requested copies of the departmental transition documents on December 8th. The Palin administration turned over copies a month later, but with large sections redacted. In response to this newsletter's appeal of the redactions, Chief of Staff Mike Tibbles provided uncensored versions of most, but not all of the reports to this newsletter on Thursday of last week. The missing sections appeared to have been inadvertently omitted and Governor's Office staff say they are forthcoming.

The stories below cover a few issues highlighted in Law's and Revenue's reports, with additional information gathered by this newsletter.

DOR overcharged retirement funds, seeks GF bail-out

The state's troubled retirement funds are required by law to use the investment management services of the Alaska Department of Revenue, services that cost the funds \$39 million in the current fiscal year. That may be millions more than the funds should be paying, according to information DOR officials provided in November to the incoming Palin administration.

CHART V

Changes in Mill Equivalent for Local Contribution 2001-2007

		2007 BUDGETED MILL EQUIV.	2006 BUDGETED MILL EQUIV.	2005 BUDGETED MILL EQUIV.	2004 BUDGETED MILL EQUIV.	2003 BUDGETED MILL EQUIV.	2002 BUDGETED MILL EQUIV.	2001 BUDGETED MILL EQUIV.	PERCENT CHANGE 2001-2007	MILL EQUIV CHANGE 2001-2007
NOME	= NO	8.10	7.10	7.00	7.10	6.10	5.70	5.40	50%	2.70
KLAWOCK	= KL	11.80	11.90	9.70	9.80	4.30	10.50	8.00	48%	3.80
LAKE AND PENINS	= LP	17.50	14.00	14.00	13.50	15.10	12.20	12.10	45%	5.40
DILLINGHAM	= DI	7.90	6.70	7.00	7.50	6.50	7.60	6.40	23%	1.50
UNALASKA	= UN	6.60	6.40	6.40	6.10	5.60	5.40	5.50	20%	1.10
COOPER	= CO	5.50	5.90	5.90	5.90	5.90	5.90	7.30	20%	1.40
CRAIG	= CG	7.90	7.60	10.00	10.80	10.10	8.80	8.60	20%	1.30
BRISTOL BAY	= BB	6.60	7.00	6.10	6.30	5.30	5.80	5.70	16%	0.90
ANCHORAGE	= AN	7.80	7.80	7.20	7.90	6.70	6.70	6.80	15%	1.00
KETCHIKAN	= KT	7.80	7.20	7.00	6.60	6.40	6.80	6.80	15%	1.00
VALDEZ /2	= VA	5.10	4.90	4.80	4.60	4.70	4.60	4.60	11%	0.50
DENALI	= DE	9.60	8.90	8.90	9.30	8.90	9.50	8.70	10%	0.90
NORTHWEST ARC	= NW	9.30	9.30	8.40	8.40	8.40	8.40	8.50	9%	0.80
JUNEAU	= JU	7.20	7.30	6.90	6.80	6.80	6.80	6.70	7%	0.50
FARBERG	= FB	7.20	7.20	7.20	7.00	6.80	6.70	6.80	6%	0.40
CORDOVA	= CO	8.20	7.70	7.80	7.80	7.20	6.00	7.90	4%	0.30
KENAI	= KE	7.50	7.30	7.20	7.10	7.10	7.10	7.30	3%	0.20
NENANA	= NE	4.70	4.00	4.00	4.00	4.00	4.30	4.60	2%	0.10
SITKA	= SI	7.20	7.10	7.00	7.10	7.20	7.00	7.20	0%	-
PELICAN	= PL	4.00	4.00	4.00	4.00	4.10	4.00	4.00	0%	-
HYDABURG	= HY	7.90	7.90	14.30	14.20	20.30	8.00	7.90	0%	-
MAT-SU	= MS	8.80	9.70	9.60	9.80	9.40	9.10	8.80	0%	-
PETERSBURG	= PT	7.30	6.90	6.70	7.80	7.90	7.60	7.50	-3%	(0.20)
YAKUTAT	= YA	10.00	9.70	8.70	8.50	9.90	10.80	10.30	-3%	(0.30)
NORTH SLOPE /2	= NS	2.30	2.20	2.20	2.10	2.30	2.40	2.40	-4%	(0.10)
HAINES	= HA	6.40	6.60	6.60	6.50	6.70	7.00	7.00	-9%	(0.60)
TOTALS		8.21	8.34	8.34	9.36	9.03	8.83	9.04	-9%	(0.83)
ALEUTIANS EAST	= AE	8.30	11.70	11.40	9.70	8.80	7.20	9.90	-16%	(1.60)
SKAGWAY /2	= SK	4.60	4.70	4.40	4.90	5.20	5.10	5.50	-16%	(0.90)
SAINT MARY'S	= SM	4.20	4.00	4.00	4.30	4.00	4.20	5.60	-25%	(1.40)
KAKE	= KA	5.90	16.60	5.90	15.40	8.40	8.50	8.30	-29%	(2.40)
HOONAH	= HO	15.00	15.00	16.10	15.80	14.60	20.00	21.20	-29%	(6.20)
WRANGELL	= WR	5.40	5.40	6.10	5.60	5.10	4.70	8.70	-38%	(3.30)
GALENA	= GA	28.70	27.40	25.10	60.30	52.30	52.10	55.10	-48%	(26.40)
TANANA	= TA	4.00	4.00	13.40	4.00	13.00	12.80	12.70	-69%	(8.70)

Mr. Chairman, Senators and Representatives,

This is Liz Downing, the mother of an incoming 5th grader at West Homer Elementary School and a member of the Kenai Peninsula School Board.

Thank you for this opportunity to address you and let me express my appreciation of your efforts as you review the Education Funding formula for our Alaskan students.

We have many wonderful teachers and staff in Alaska and especially here on the Kenai Peninsula. You are well aware of the amazing job we have done with very tight budgets over the last 15 years. Our students score well on standards-based testing, we have decent graduation rates, and we manage to do OK for most, though not all of our students, particularly those in our more rural locations. The Kenai Peninsula knows how to do OK with less.

In the last couple of years I have seen more families move from Alaska to Lower 48 communities specifically for a better education for their kids. This is heartbreaking. I talk with my friends in education in other parts of the country and I am blown away by the opportunities that their students enjoy. It makes me wonder if I am doing the best for my son as he moves through elementary school.

Recently, I listened to valedictory speeches at high school graduation ceremonies. I was struck by the number of students who dedicated a fair portion of their presentations to begging the responsible adults to provide a more varied, high quality education. They said that their education was OK but they are concerned about their ability to compete with students from more urban Alaskan communities and those from schools Outside. You have also heard from parents who felt they had greater opportunity in Alaskan schools years ago.

I invite you to strive beyond OK. Alaska is in fortunate circumstances compared to most other states and with an equitably and adequately funded educational system, we can offer our children much more than an OK education. Please help make Alaska the place that families want to stay to educate their children.

I am not going to ask for the full ISIR cost differential, or an increase in the BSA or special needs funding. We need all of that and more. But I do ask that you embrace this opportunity to create a legacy by keeping the momentum of this task force through the next legislative session and drawing on the expertise available to create the world class education system our children deserve.

I truly appreciate the care and attention the Legislature is giving to supporting the education of our students. I know that together we can make education in Alaska not just OK but the best.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT (KPBSD)

Leave No District Behind At the Cap Circuit Breaker

SITUATION: Foundation formulas are built around assumptions that are good and bad. Some states recognize the inherent inequity in funding diverse districts and create mechanisms to assist in rectifying disparities that are created. Even when the "mother of all formulas" is created, disparities continue to exist. Frequently, states are reluctant to revise or reinvent all the mechanisms that fund schools. Therefore, we propose **AT THE CAP CIRCUIT BREAKER** legislation for additional state Foundation Aid for districts that are "at the cap" and fiscally responsible. The administrations of the Kenai Peninsula Borough and the Kenai Peninsula Borough School District can demonstrate that they have acted in a fiscally responsible manner. The circuit breaker goes into effect if criteria 1 through 4 are met as defined below:

Tables 1 and 2 illustrate that declining state Foundation Aid has hampered the Kenai Peninsula Borough from contributing additional local funds because the borough funds to the cap (the maximum allowable by statute).

1. The percentage of state aid as a function of total expenditure has remained flat for the last three years.

Table 1 **Three Prior Years of State Foundation Aid**

Year	State Aid	Percent of Total Expenditure
1999	\$42,800,605	58.8%
2000	\$43,104,729	57.6%
2001	\$42,231,591	56.5%

2. The last three years of borough aid as dollars and percentage have been funded at the maximum allowed by law.

Table 2 **The Last Three Years of Borough Aid (at the cap)**

Year	Borough Aid	Percent of Total Expenditure
1999	\$29,476,785	40.5%
2000	\$29,294,461	39.5%
2001	\$29,628,226	40.4%

(Please note that the sum of Foundation Aid and Borough Aid does not equal 100% due to grant and Federal revenue.)

Table 3 illustrates that the Kenai Peninsula Borough School District has exceeded the 70% of the overall budget for instructional purposes and 30 % of the overall budget for administrative purposes. Table 4 illustrates that the Kenai Peninsula Borough School District has limited central office administrative expenses to less than 5% of the overall budget. To our knowledge, in terms of percentage of costs, the Kenai Peninsula Borough School District has one of the most efficient central office administrations in the state.

3. The last three years of 70%-30% administrative costs/teaching costs are in compliance with statute.

Table 3 **Instructional/Administrative Percentages**

Year	Instructional	Administrative
1999	75.5%	24.5%
2000	75.7%	24.3%
2001	71.9%	28.1%

4. The last three years of central office administrative costs have shown fiscal responsibility.

Table 4 **Central Office Administrative Costs**

Year	Percentage of Total Budget
1999	3.9%
2000	4.3%
2001	4.3%

SOLUTION:

The Kenai Peninsula Borough School District proposes that legislation could be introduced to assist boroughs that fund to the cap for three years and the corresponding school district has complied with the 70%/30% rule and limited central office administrative costs to under 5%. The **At The Cap Circuit Breaker** legislation would award an additional 5% Foundation Aid to the districts that meet the aforementioned criteria. In the case of the Kenai Peninsula School District approximately an additional 2 million dollars would be available for use. If the Kenai Borough chose to continue to fund to the cap, approximately an additional \$460,000 could be available for use by the Kenai Peninsula School District for FY '03.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT (KPBSD)
Revision of the Area Cost Differential

The Kenai Peninsula School District administration believes that the present area cost differential of 1.004 assumes that operating geographically rural schools within the Kenai Peninsula is about the same as operating urban schools in Anchorage. The district believes that the "Kenai Peninsula-as-Anchorage" assumption is totally inaccurate. Our school district is actually comprised of elements of the Matanuska-Susitna Borough School District, Valdez City Schools, Delta/Greeley School District, and the Lake and Peninsula Borough School District all in one. By funding the Kenai Peninsula Borough School District similarly to the Anchorage School District our schools are adversely impacted. In spite of budget cutting and fiscal restraint, the district has concluded that one major obstacle to long-term fiscal solvency is the present area cost differential.

The Kenai Peninsula Borough School District respectfully requests that our district area cost differential is based upon the geographic reality of our district. Making the assumption that the KPBSD is actually comprised of elements of the Matanuska-Susitna Borough School District, Valdez City Schools, Delta/Greeley School District, and the Lake and Peninsula Borough School District all in one, the following table illustrates how this proposal would affect the funding of the schools of the KPBSD:

Proposed Area Cost Differential

School District	Area Cost Differential	KPBSD Schools	
Valdez City Schools and Delta/Greeley S.D. (*For Homer, Seward, and "on the road" small schools, we used Valdez and Delta/Greeley cost differential of 1.10.)	1.10	Chapman El Chapman Sec Cooper Landing Homer Middle Homer High Hope Kachemak-Selo McNeil Canyon Moose Pass Nikolaevsk El Nikolaevsk Sec	Ninilchik El Ninilchik Sec Paul Banks Razdolna Seward El Seward Mid Seward Sec Spring Creek Voznesenka El Voznesenka Sec West Homer El
Matanuska-Susitna Borough School District (*We used the Mat-Su area cost differential of 1.01 for the Central Peninsula schools.)	1.01	Aurora Borealis K-Beach El Kenai Alternative High Kenai Central High Kenai Middle Mountain View Nikiski El Nikiski Jr/Sr North Star El	Redoubt El Sears El Skyview High Soldotna El Soldotna Middle Soldotna High Sterling El Tustumena El
Lake and Peninsula School District (*For schools accessible only by air and water, we used Lake and Peninsula School District area cost differential of 1.56.)	1.56	Nanwalek Port Graham Susan B. English Tebughna	

(The table utilizes the area cost differential of the four above-mentioned school districts based on similar geographic/demographic characteristics of the communities.)

SOLUTION:

The Kenai Peninsula Borough School District requests that our geographically diverse district be allowed to immediately **adopt multiple area cost differentials** that genuinely reflect the cost of educating students in a 24,737 square mile borough (16,221 on land). Our district has sites accessible only by water or air, remote schools off the road system, and schools dispersed over 250 miles of road system. Using comparable district area cost differentials previously stated, appendices 1 and 2 illustrate that \$2,800,000 in additional state Foundation Aid should be available to our district for FY '03. We request a revised cost differential for FY '03 due to the departure from the intent of SB 36 to "prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors."

March 1, 2002

From: Michael Sigler [sigler@gci.net]
Sent: Wednesday, July 04, 2007 10:06 AM
To: Joint Leg Ed Task Force
Subject: Written testimony for Legislative Task Force on Education from Great Alaska Schools

Would you distribute the following written testimony to the members of the Legislative Task Force on Education?

Thank you,

Mike Sigler,
Steering Committee
Great Alaska Schools

Great Alaska Schools
2007 Legislative Task Force on Education

The Great Alaska Schools Coalition (formerly Alaska Kids Count! Network) is a non-partisan statewide coalition of citizens who believe Alaska's students deserve a high quality, comprehensive education. We advocate for funding that supports high quality schools for Alaska's children.

Although the Legislature has substantially increased school funding the last five years, these funding increases mostly have covered retirement costs and inflation effects and until this Legislative session, little has gone toward classroom improvements. We applaud this year's increase. We ask the Legislature to solidify and continue this improvement.

Specifically, we support:

- * Class sizes that give teachers time to pay attention to individual student needs.
- * Rigorous, engaging programs that prepare students for the workplace, technical training, or college.
- * Intervention programs to reduce the state's astonishingly low graduation rate.
- * Parent involvement in schools.

With respect to school funding, we support:

- Addressing cost of living differences between communities (area cost differential) so that all Alaska students are offered a similar education.
- Meeting cost of mandated services such as special education, including intensive needs students.

- Compensation for inflation effects beyond the direct control of districts.
- Career & technical training and student access to 21st Century technologies
- Early notification of education funding.

Great Alaska Schools Steering Committee

June 30, 2007

For more information contact Mary Hakala, Coordinator at williwaw@earthlink.net or Mike Sigler, Steering Committee member at sigler@gsi.net or visit our web site <http://www.alaska.kidscount.org>

From: Stephanie Allison [slacpa@acsalaska.net]

Sent: Friday, July 06, 2007 11:07 AM

To: Joint Leg Ed Task Force

Cc: 'Peggy Cowan'; 'Eddy Jeans'; Rep. Andrea Doll; Rep. Beth Kerttula; Sen. Kim Elton; Andi Story; 'Bill Peters'; Margo Waring; Mark Choate; Mary Becker; 'Phyllis Carson'; Sean O'Brien

Subject: Comments regarding meetings of June 14th & 15th - Juneau resident

Mr. Chairman and Legislative Task Force Members;

It was with great interest that I listened to the meetings on June 14th & 15th. I am a life long Alaskan resident, growing up in Eagle River, receiving post-secondary education at UAF and residing in Juneau for the last 13 years.

I am a member of the Glacier Valley Elementary site council and have represented Glacier Valley for the last three years on the Juneau School District Budget Advisory Committee. I am well versed on the state's funding formula and have given workshops to fellow site council members to help them understand the funding formula. I consider myself well informed in the arena of school funding.

There are three priorities I see as a member of the public who works extensively with the school district budget.

1. Forward Funding: District personnel, the school board and the Budget Advisory Group (all volunteers) work countless hours crafting a budget that contains a huge unknown, the BSA. While there are a few positive aspects of this exercise, it is largely a significant waste of time which happens in every school district across the state. The uncertain position in which teaching staff are placed every year undermines the efforts school districts are making to educate their children.
2. Inflation Proofing the Funding Formula: There are few, if any, fixed costs in school district budgets. The foundation formula does not allow for the normal growth in costs associated with administering a school district.
3. Increase busing allocations: Currently, districts are allocated busing funds based on the ADM for a given year. This method is not sustainable, especially in districts with declining enrollment. Declining enrollment does not equate to fewer buses or bus routes.

The Juneau School District has worked hard to streamline bus services over the last few years; school start times have been shifted to enable combining of routes and afternoon kindergarten buses have been eliminated. Despite cost saving measures the district has to use nearly \$500,000 annually in general funds to cover the expense of busing.

And finally, I'd like to comment on the committee's decision to not take action on small Charter School funding. While my own sons are not enrolled in the Juneau Community Charter School (JCCS), they are in a district-wide optional program. I believe that optional programs are an important part of the state's education system and not every community has the population to

sustain charter schools of 150 in addition to their mainstream programs.

According to the document provided by Mr. Jeans and the Division of School Finance (titled "Charter School and Intensive Needs Handout"), JCCS received \$5,466 per student in state aide, while the average state aid per child in the same age group is \$8,097. JCCS is receiving \$2,631 LESS in state aid per child than other students enrolled in the Juneau School District. It appears on this table that at least two other small (less than 150) charter schools in this state also operate at significantly lower allocations of per student aid than their school districts operate. Rather than operating inefficiently, which was the assumption when the formula was written and created the 150 student floor, it appears that these schools operate with super efficiency. I urge the committee to reconsider the decision to take no action on small Charter School funding; in school's this size even a small increase has significant impact.

Thank you for your time,

Stephanie L. Allison, CPA

slacpa@acsalaska.net

723-3092 (wk)

790-6407 (fax)

To: Representative Mike Hawker, Chairman of the Joint Legislative Education Funding Task Force and Members of the Committee

From: Jack Walsh, Superintendent
Bristol Bay Borough School District

Date: July 12, 2007

Subject: Testimony and Counsel on Educational Funding

Thank you for the opportunity to comment on the critical issue of funding Alaska's schools. As all of you know, this is an issue that annually comes to your attention from every corner in the state. Whether you represent the largest or smallest communities, you know, all too well, that it is an issue that needs your regular attention and constant commitment and we appreciate your support. Several members have mentioned in the course of these hearings the emotional and sensitive nature of these discussions and I have appreciated that throughout these proceedings people's remarks and opinions have been respected.

Your efforts to increase the BSA and implement part of the ISER study during the last legislative session is appreciated and Bristol Bay and other districts will be better able to address our needs for next year as a result of those increases. While the ISER monies do not effect every political district or school district in the state, it is important for those of us in our more remote and rural areas. I appreciate that your perspectives and your efforts must reach beyond the political boundaries of your own district and consider the entire state and the great disparity that exists from one region to another. That willingness to consider all of the state's residents and regions is vital to our economy and our future.

As a school administrator in Alaska for over a decade, and now as a new superintendent, I am familiar with a variety of the challenges we face as a state and as educational leaders and I continue to want to be part of the solution. In trips to Juneau to meet with legislators, and in other ways, I have continued to be supportive of your efforts in the legislature. I have also tried to help make sure that you understood the difficulties we face in trying to bring a high quality educational program to our communities and families. As continued communication is a key to finding a solution, I appreciate these opportunities to provide public comment. At times I believe the remarks were well received, there are other times when I wondered if they served any useful purpose.

I have only been working in the Bristol Bay Borough School District since July 1st, so I am only beginning to understand the specifics in educational funding as they relate to this district. It is, however, fair to say that the Bristol Bay Borough School District is like many other districts within rural Alaska. We have seen declining enrollments, high staff turnover, and rising energy and transportation costs and in spite of all of that, we continue to provide a quality education program for the children of our communities. While I am new to this community, I know that our staff and families are concerned with the same issues that face all communities and districts. We want to sustain the programs we currently offer and to create new opportunities for students to learn and grow. I believe that the Bristol Bay School District continues to see students leave our schools well prepared for their future and to help Alaska grow and develop.

There are five issues I would like to address and provide counsel on because I believe they are imperatives when you consider the funding of K-12 education in Alaska. These are not new issues

or never before addressed, but they are issues that need to be resolved before too much time has passed and the impacts cannot be addressed.

1. It is time to address the ISER recommendations for school funding and the area cost differential in the way that it was meant to be corrected. This would require the legislature to fully recognize the need for different communities to receive greater funding because of the costs related to their isolated nature and the costs of providing goods and services to remote and rural areas and to include that factor in the state's funding formula. While we have appreciated the legislature's support of 25% or 50% of the area differential, it still falls significantly short of the recommended amount. The numbers created by ISER are based in reality and will help correct the shifts that occur in costs, particularly for items like fuel and electrical power. Much has been made of flaws in the initial study and other concerns related to the second research study, and every other revision. The fact remains that purchasing goods and services is more expensive in Naknek than it is in Anchorage, or Kodiak, and we need some relief and some new monies to address that differential. Your memo suggested that you need counsel on whether we should implement an existing formula, modify one of those studies, or reject the studies and start again. What makes you think you would ever agree to the next set of findings and why would you take it upon yourselves to modify a study's recommendation when people would be even less likely to believe your methodology is fair, equitable, or adequate? I find it interesting that the website for these hearings has a document on line that asked the ISER staff to recreate the numbers again and to eliminate or change the teacher component of the study. Once again, someone has instructed the researchers and statisticians best suited to determine what makes the study viable to eliminate the factor or factors they don't like. As demonstrated before, it will allow someone, or some committee, to later suggest that the numbers always seem to be changing, or the study is flawed and it will again delay the implementation. Not to be mentioned lightly, I believe the state must also consider ISER's other recommendation dealing with the volatility of energy costs and find a way to fund those costs outside of the funding formula. The state has provided separate energy funding for the post secondary system, perhaps a similar effort would help the k-12 program.
2. Declining enrollment effects Bristol Bay and many districts. It is difficult to deal with if we budget based on projected numbers in the spring and our October counts fall short. It is time to rethink the way you address the funding of K-12 education and truly consider forward funding or another method that allows you to go to Juneau and to follow through on the promises you made and the messages you sent during your campaigns and between sessions. It will also allow us to do the same in our communities and to be true to our commitments even if we know the adjustment will occur the next year. Those subsequent changes will at least have been something we had forecasted, been forewarned about, and better prepared to handle. The legislative effort to set aside dollars for education in the future is a great first step, but it is not the complete solution. Whether we re-adopt a second count day in the winter or early spring or we hold harmless declines of 10% or less, (except perhaps in our smallest schools) I believe the state must find a way to address this challenge so we aren't letting teachers go or suddenly have to eliminate programs and services to pay the fixed and still volatile heating, gas, and electric bills. A fear related to decreased enrollment is that children are dropping out, and not being served. That is an issue that all districts take seriously and work hard to reduce. It is also addressed in the requirements of

NCLB and has taken on a greater importance for all districts. While we do lose students to drop out each year, some choose to enroll in schools like Mt. Edgecumbe because of the programs they offer students. I believe the state needs to find a way that might allow districts to consider those students still in the district count for up to two years when parents choose to send them to the state boarding school. The number of students involved is relatively small and yet the impact on a small district can make the difference in retaining a teacher or providing another valuable service.

3. In recent years the capital budget awards that always come out in those last hours of the session also seem to be more of an attempt to appease a constituency than to truly address the educational priorities of the state or the educational community. The amount of money doled out in those capital projects is significant and would be better dealt with through the standard funding formula or developing grants that allow equal access to the resources. It is an area I believe you need to consider changing in light of the public's interest in knowing how decisions are made and what priorities are being addressed by their elected officials.
4. Teacher retention and teacher turnover has a huge impact on student learning and across the state this is an issue that concerns every district. While Bristol Bay may have less turnover than some other districts, next year we will have a turnover rate of more than 20% and we believe we could do better. One of the most tried and true ways to address teacher turnover is to support new hires with a mentor. It would seem that supporting a program of mentoring for all new teachers would be an investment in schools and children that will pay long term benefits. This is the type of program that needs your support before we build flower boxes and landscaped driveways in front of schools, or some of the other ways we have dedicated funds through the capital projects lists.
5. Intensive services for our students with the greatest needs and disabilities are an area that needs to be revisited, both in the way these intensive needs criterion are set and the level of funding received. Even within the intensive needs category there is a great range associated with the costs of services for these students and that cost is exacerbated by the rural and remote nature of the community where the student resides. It is not unheard of for a district to have to pay upwards of \$1000.00 a day for a PT/OT/or SLP to travel to a site and serve a child for an hour or two. If those services are needed weekly or even monthly it is a significant cost. When you add the costs of daily services from teachers, aides, nurses, etc the costs often exceed the amount of money provided before the first half of the year is complete. In fairness, while the intensive needs costs have received a lot of attention in recent years, I believe you cannot look at those costs and needs in a vacuum. Since a time when the state lumped special education, vocational education, and bilingual services together and set a ceiling for transportation costs many districts have not had funding that covered those needs and have regularly offset those real costs with general fund revenues. These are far too important areas of our programs to not fully fund as suggested by Carol Comeau and others.

Thank you for your time and attention to this memo. Others may have spoken more eloquently and may have a greater understanding of school funding theory, but I believe that these are some of the issues you must address. I also look forward to being a person who supports your legislative efforts and continues to expect that those efforts are focused on the entire state and the educational needs of all Alaskans.

TESTIMONY FROM DR. MARTY LASTER, KUSPUK SCHOOL DISTRICT:

Honorable Members of the Joint Legislative Education Funding Task Force:

My name is Dr. Marty Laster and I have had the honor of working with the state of Alaska Educational Community for approximately three decades. I have worked in urban districts like Mat-Su and Anchorage, single site districts like Craig and rural districts like Northwest Arctic and currently Kuspuks School District. I would like to address three items today.

The first issue is the block grant that was created in 1998. Its purpose was to address bilingual, sped, gifted and vocational education with the "20% factor." I am hopeful others will speak to these issues so I will focus only on bilingual. Funding is no longer attributable to the targeted population but to the size of the entire population of the district. A district with a thousand students with 30 Limited English Proficient students receives the same funding as a district with 800 Limited English Proficient students. I realize there are other factors involved, others can speak to the tangential issues. This is an issue that affects districts regardless of their urban or rural nature. Urban districts encounter greater complexity. The Department has decided this factor is important enough to invest in developing our own statewide assessment and providing training for test implementers.

Most importantly, Limited English Proficiency "Bilingual" appears to be a major factor in a district's ability to achieve Adequate Yearly Progress as a school system. Everyone of the larger urban schools is included among the districts with the most LEP students. Only two of the districts with the most LEP students made AYP. This is a factual statement not necessarily a causal relationship. However, the opposite is also true, Of the twenty districts with the fewest LEP students, all twenty made AYP. This is based upon Department data for the 2005-2006 school year.

If we are about helping students achieve success, it would appear this factor should play a key role in the funding formula in order to help students graduate from our system. This is a student outcome issue.

The second issue that I would like to raise will probably be even less popular than the first. Local contribution has been an irritant in the Alaskan funding system since before the flood. I think an unnamed Representative brought it to the legislature on two tablets. All joking aside I would like to place this issue next to dropping the mill rate below four mills. In order to hold districts harmless in lowering the local requirement, it would be necessary to have the state pick up the remaining "local contribution."

REAA districts must specifically work in their communities in order to receive the payment for the impact of non-locally taxable lands. The state then takes 90% of that revenue and gives it to all the districts and the local districts get to keep 10 cents on the dollar and the myth that they are not paying their fair share. As we consider lowering the required mill rate, please consider allowing REAA districts to keep the payment made in lieu of taxes to that community. This is a taxpayer equity and resource for students issue.

My final comment is to thank you all for taking this overwhelming but critical task on. I recall seeing that the task of the committee is to address key issues. It is not possible to address the formula systematically in such a short time frame. My request here is that when your work is completed, please keep the same mind set. When you are done, there undoubtedly will still be much work remaining to systematically address the formula. Please remind constituents of the remaining challenges.

Again I offer my best wishes and sincere thanks for your efforts on behalf of all of Alaska's students.

To: Joint Legislative Education Funding Task Force

From: Lexi Hill, ISER -UAA

Re: ISER Cost Differential Index recalculated without teacher component

For this memo, I have re-calculated the district cost differential without the teacher compensation component. However (as usual) nothing is as simple as it seems, and so I want to provide some context to the resulting numbers.

The cost differential that ISER calculated in 2005 (like the one AIR calculated in 2002) is a multiplicative index. It is the product of 11 components¹. Each component is a relative price (such as the cost of a 'standard' teacher, or a gallon of heating fuel), adjusted to reflect the budget shares of each component in each district.

The simplest way to calculate the differential-without-teachers that you've asked for is to divide out the teacher component, and the results of that calculation are in Table 1 and Chart 1, below. Those numbers express what our methodology would produce if teacher costs didn't differ at all from district to district, and those (unvarying) costs still comprised the same share of the budget that they do now. If what you're interested in is how much the teacher cost component contributes to the final index numbers, then you can use this measure, but with caution. It is more difficult to determine the relative contribution of each component in this type of index than in (for example) the consumer price index, which is a weighted sum, rather than a weighted product. If you were to calculate the contribution of each component in turn by making its relative price 1 (the same for every district), leaving the rest of the calculations the same, and applying the resulting differentials to some fixed level of funding for Anchorage, then the sum of 'contributions' of all 11 components will be greater than the total funding amount you start with. This is a problem, if you're looking for some exact measure. If you just want a general sense of the magnitude the teacher cost component has in getting to the final result, then just keep in mind that it's not perfect.

If this is not what you're trying to do, then other calculations come into play. I can do those as well - just give me more information on how you want to use the numbers so that I make sure I don't provide misleading analysis.

Finally, (since I have you reading this) I would urge you to consider looking at the energy component. ISER recommended taking energy out of the school funding formula and paying energy costs (or most of them) directly. There are several reasons for this. (1) Energy costs are the most volatile and difficult to model part of the index. We didn't model them - we just took average costs from FY2000 to FY2003. Rapidly changing energy costs can make any formula wrong quite quickly. I'd predict (without doing the calculations) that ISER's proposed index, based on 4- to 7-year old costs, would be noticeably different with today's energy prices. (2) Districts have little or no control over energy costs. When their electric or heating fuel bills double, they just have to take the money from somewhere else - like instruction. (3) In general, when energy costs rise, the state has more income to cover them.

¹ AIR had 12 components, but we combined teachers and administrators into one.

Chart 1. ISER Cost Differential with and without Teacher Relative Cost Component

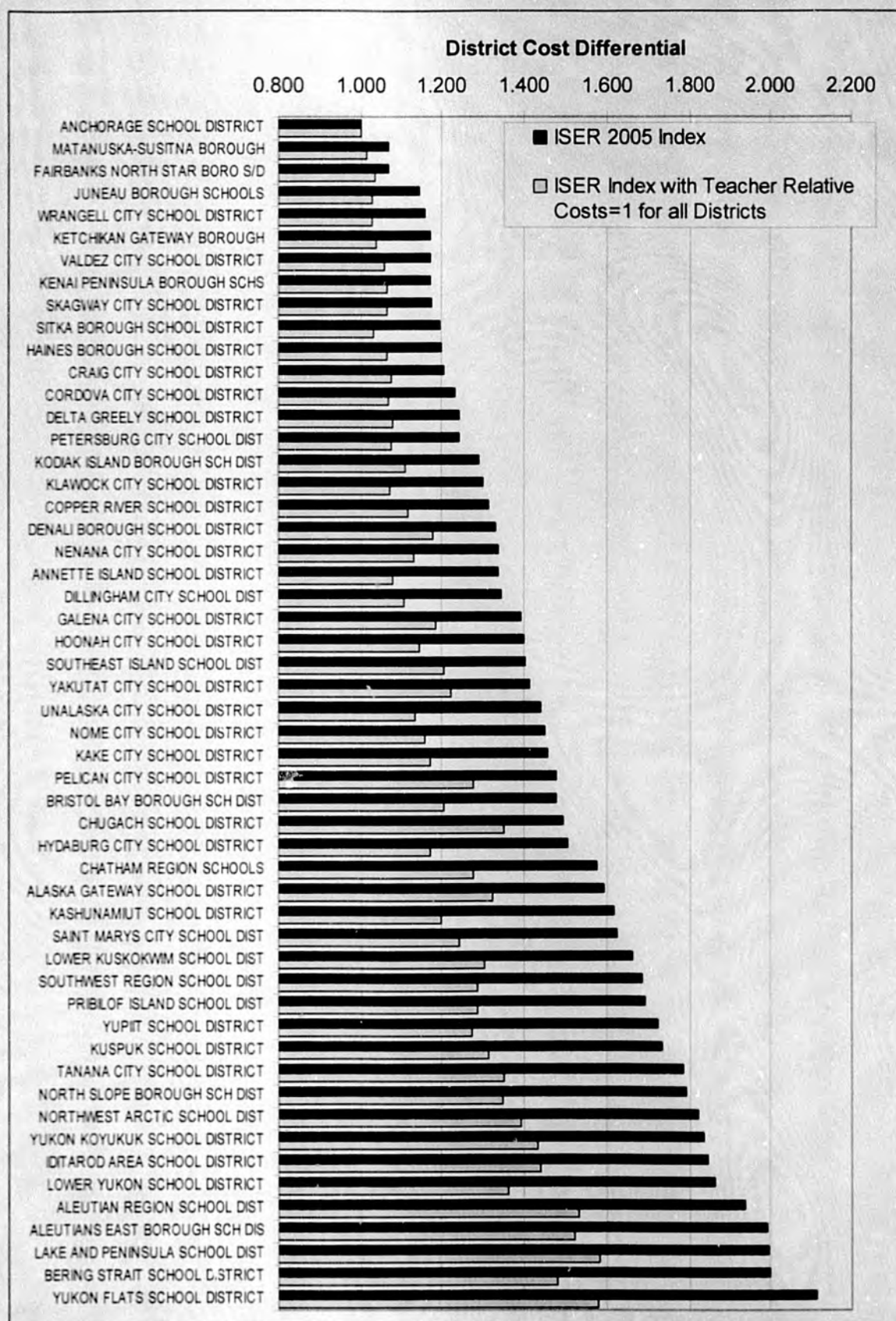


Table 1. ISER Cost Differential with and without Teacher Relative Cost Component

District Name	District #	ISER 2005 Index	ISER Index with Teacher Relative Costs=1 for all Districts
Denali Borough School District	2	1.332	1.177
Alaska Gateway School District	3	1.594	1.323
Aleutian Region School Dist	4	1.939	1.533
Anchorage School District	5	1.000	1.000
Annette Island School District	6	1.338	1.079
Bering Strait School District	7	1.998	1.480
Bristol Bay Borough Sch Dist	8	1.478	1.206
Chatham Region Schools	9	1.576	1.276
Chugach School District	10	1.496	1.352
Copper River School District	11	1.316	1.117
Cordova City School District	12	1.234	1.069
Craig City School District	13	1.206	1.077
Delta Greely School District	14	1.241	1.078
Dillingham City School Dist	15	1.346	1.106
Fairbanks North Star Boro S/D	16	1.070	1.036
Galena City School District	17	1.391	1.184
Haines Borough School District	18	1.200	1.065
Hoonah City School District	19	1.399	1.145
Hydaburg City School District	20	1.504	1.171
Iditarod Area School District	21	1.846	1.439
Juneau Borough Schools	22	1.145	1.028
Kake City School District	23	1.459	1.171
Kenai Peninsula Borough Schs	24	1.171	1.066
Ketchikan Gateway Borough S.D.	25	1.170	1.037
Klawock City School District	27	1.302	1.073
Kodiak Island Borough Sch Dist	28	1.289	1.109
Kuspuk School District	29	1.734	1.314
Lake And Peninsula School Dist	30	1.994	1.583
Lower Kuskokwim School Dist	31	1.663	1.304
Lower Yukon School District	32	1.861	1.363
Matanuska-Susitna Borough Schs	33	1.070	1.014
Nenana City School District	34	1.338	1.129
Nome City School District	35	1.450	1.158
North Slope Borough Sch Dist	36	1.791	1.350
Northwest Arctic School Dist	37	1.823	1.393
Pelican City School District	38	1.477	1.276
Petersburg City School Dist	39	1.244	1.077
Pribilof Island School Dist	40	1.691	1.288
Sitka Borough School District	42	1.195	1.031
Skagway City School District	43	1.174	1.064
Southeast Island School Dist	44	1.403	1.205
Southwest Region School Dist	45	1.685	1.288
Saint Marys City School Dist	46	1.624	1.244
Unalaska City School District	47	1.441	1.132
Valdez City School District	48	1.170	1.059
Wrangell City School District	49	1.159	1.027
Yakutat City School District	50	1.412	1.221
Yukon Flats School District	51	2.116	1.581
Yukon Koyukuk School District	52	1.835	1.433
Tanana City School District	53	1.786	1.353
Yupit School District	54	1.723	1.274
Kashunamiut School District	55	1.619	1.198
Aleutians East Borough Sch Dis	56	1.991	1.523



JUNEAU SCHOOL DISTRICT

CITY AND BOROUGH OF JUNEAU
OFFICE OF THE SUPERINTENDENT

10014 CRAZY HORSE DRIVE

JUNEAU, ALASKA 99801-8529

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July 6, 2007

Representative Mike Hawker, Chairman
Joint Legislative Education Task Force
25th Alaska State Legislature
716 W. 4th Avenue
Anchorage, AK 99501

Dear Representative Hawker:

On behalf of the Juneau School District, I'd like to thank you and your committee for your leadership for the students and schools of Alaska. You have an ambitious task, a challenging meeting schedule, and a diversity of interests. This letter outlines the Juneau School District recommendations on the topics you chose.

District Cost Factor

The District Cost Factor should be changed to the ISER rate on the short term and a new study should be initiated to establish an accepted rate for the long term. The DCF rate for Juneau since 1999 has been 1.005. This rate does not reflect the difference between running schools in Juneau and Anchorage and has disadvantaged Juneau students for many years.

The July 2006 issue of *Alaska Economic Trends* by Neal Fried and Dan Robinson reports that the American Chamber of Commerce Researchers Association (ACCRA) places Juneau with an items cost index of 132.6 whereas Anchorage's index is 117.4. They also point out that Juneau was the most expensive place to rent a three-bedroom home; and the second most expensive place within Alaska to rent a two-bedroom apartment. All economic indices show that the cost to live or do business in Juneau is much higher than in Anchorage, significantly higher than the half of one percent that JSD has been receiving.

Attracting and retaining employees is important for all school districts. Recently the Juneau School District has experienced significant difficulty in attracting administrators, specialty teachers and many support personnel. The high cost of living means that Juneau should pay higher salaries to attract and retain employees. Lack of qualified personnel

adversely affects student performance. Because employee costs are 90% of the district's budget, JSD needs more foundation program support to support the cost of living in Juneau.

Intensive Needs Student Calculation

Your committee grappled with both adequacy and alternative approaches with funding intensive needs students. It is clear that the current formula of five times the Base Student Allocation does not provide sufficient funding to meet the average cost of providing services to these students in any Alaskan district. We appreciate that you recognize this and are trying to address this inequity because the cost above the money provided by the state comes from the enrollment based portion of the foundation formula and reduces the educational programs available for other students within the district.

The special needs intensive count is not subject to the district cost factor. So, for last year and this year, the amount that the District receives from the State is five times the base student allocation of \$5,380, or \$26,900. Since the average cost per student reported from school districts in Alaska was \$60,000 or more, the multiplier that would need to be used to approach reimbursing districts for the cost of serving these students is at least eleven (\$59,180).

Any adopted approach must provide sufficient funding to meet the educational program of intensive needs students so the funding should be based on the number of students served rather than a flat rate for administrative ease.

Local Effort

The intent of the legislature of calculating the local contribution from a comparison with the value of property in the community in 1999 is responsive to home-owner concerns with an increased tax burden when their property value inflates. A compromise approach would be adjusting from five years ago, rather than 1999. We recommend that the base year in AS 14.17.510(c) be defined as the fifth preceding fiscal year. That is, the full and true value of taxable real and personal property for determining the local required contribution be an average of the values as of January 1 between the second and fifth preceding fiscal years.

Moving the base year is a compromise between setting forth a four-rate mill for all districts, and the current practice of averaging between January 1 of the second preceding year and 1999. When municipal values are increasing this makes the local increase less pronounced than a flat rate system.

Public Transportation

The per-pupil amount each district reserves for pupil transportation has been frozen for three years. Most school districts contract with pupil transportation vendors. Their

Representative Mike Hawker, Chairman

Page 3

July 6, 2007

contracts typically contain a cost of living clause that increases the cost of providing services. Many districts are having to shift educational formats to pay for escalatory pupil transportation costs.

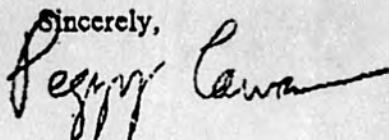
The JSD, like many districts, has streamlined bus services. It has reduced the number of buses and continually looks for ways to make pupil transportation more efficient.

TRS/PERS

The current TRS and PERS rates set by the Legislature need to be made permanent and continue to be funded outside of the foundation formula. This approach will help prevent the continued erosion of services for students in order to pay for these employee benefits.

Thank you for your dedication to Alaskan students. I am happy to answer any questions you have. Bill Peters, President JSD Board of Education will provide oral testimony at your July 11 and 12 meeting.

Sincerely,



Peggy Cowan
Superintendent

Cc: Senator Kim Elton
Representative Beth Kertulla
Representative Andrea Doll
Members of the School Board



THE LAKE AND PENINSULA SCHOOL DISTRICT

101 Jensen Drive
P.O. Box 498
King Salmon, Alaska 99613
Phone (907) 246-4280 / Fax (907) 246-4473



Date: July 12, 2007

To: Joint Legislative Education Funding Task Force

From: Steve Atwater, Superintendent

Re: Lake and Peninsula Borough School District's Funding Recommendation

Pertinent Facts about LPSD

- 14 schools
- 380 students
- FY08 Budget \$11,753,426
- FY08 LP Borough Contribution \$941,876
- \$8.2 million- amount of current bonded indebtedness by Borough for District
- Because of fiscal constraints, LPSD does not offer its students programs in music, art, foreign language, or any vocational training

LPSD's Funding Recommendation

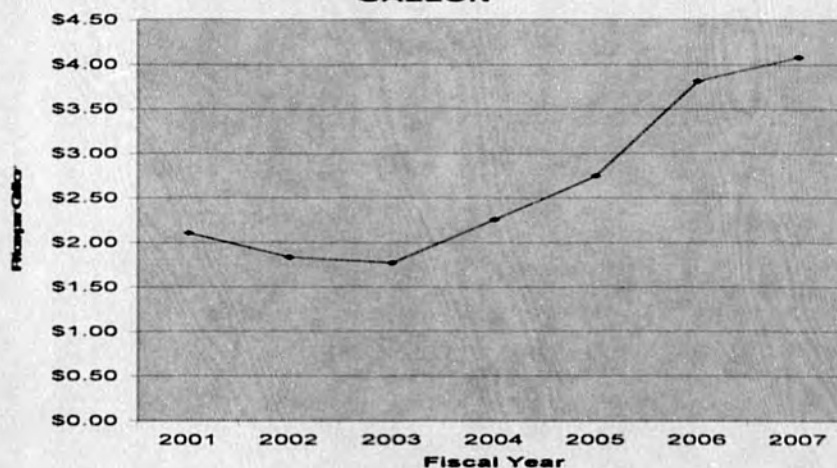
Implement ISER's Proposed Cost Differential Rates

Cost of running our small schools is increasing at an alarming rate

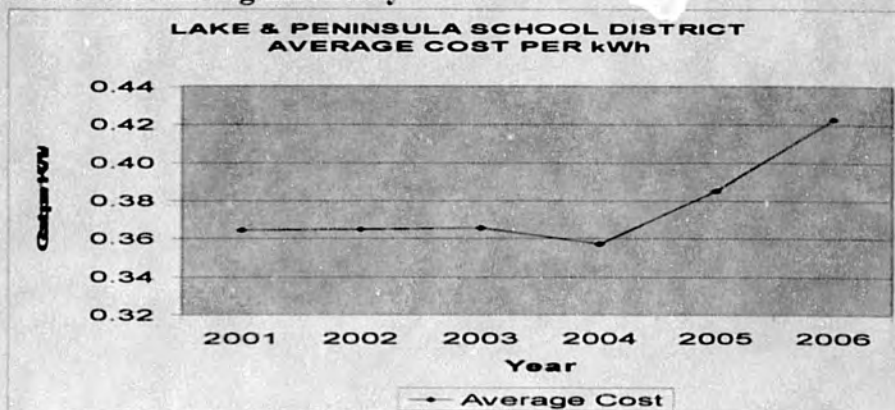
- FY08 Budgeted Operations and Maintenance of Plant = \$2,520,526
(21% of budget) including FY08 Cost of Energy = \$1,093,000

Cost of Heating Fuel

**LAKE & PENINSULA SCHOOL DISTRICT
AVERAGE HEATING FUEL COST PER
GALLON**

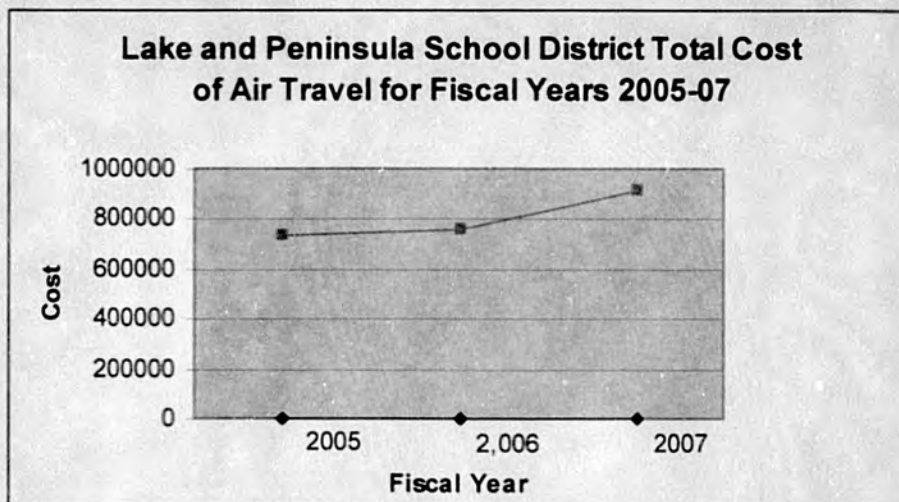


Cost of Purchasing Electricity



Other Increasing Costs

Cost of Air Travel



LPSPD's Poor Economy of Scale

Despite increasing the District's energy efficiency, our schools, because of their small size, are not able to have a good economy of scale. The cost of running a school for 15 students is not half the cost of doing the same for 30 students. Eight of LPSPD's schools enroll fewer than 20 students.

Summary

LPSPD is proud of its students' improving academic performance and of its sound fiscal management. The District is dependent on the cost differential for keeping its doors open; it could not survive without it. The figures used to calculate the cost differential in 1998 are no longer valid. For example, one of our villages charges .67 per KWh. It is fair to state that the recent surge in energy costs has stressed our resources to the point where LPSPD believes that its cost differential is more in line with the figure proposed by the ISER study than it is with the current rate set in 1998.

The Department of Education & Early Development
July 06, 2007
Transmittal of Task Force Data Request

The following documents are in PDF format and attached to this email:

- Local Effort in Mil Equivalent – Audited Local (required local plus additional contributed) and State Assessed Value. Six Year Schedule FY2002 – FY2007. (XI. Eleven)
(This spreadsheet does not address bond debt payments at the local level as they are not part of the foundation formula and that data resides at the local government level.)

This spreadsheet illustrates the mil equivalent of actual audited local contributions using the State Assessors Full and True Value. The calculation is the actual contribution divided by the State Assessors Full and True Value, multiplied by 1000.

Mil equivalents based on minimum required local contributions and education values can be found in a previous spreadsheet at the June 15th Joint Task meeting: "State Cost Projected to FY15 (page 3)" In addition the June 29 data includes a spreadsheet with a seven year schedule of assessed values and local contributions in dollars.

- SB174 Bill History and Action. This is a nineteen page document reproducing selected items from SB174 during the 22nd Legislative Session. These items were selected for reading convenience and a full display of the bill history can be found online at legis.state.ak

Updated list: Currently the following data requests are outstanding:

Calculation methodology of District Cost Factor, sequence of factor in calculation.
(Roses 6/14/07). (To do)

Other Topics discussed at the Task Force: (EED is not the immediate source; we need to discuss how these requests should be treated)

- Department of Labor Trends in comparison to proposed differential.
- ISER personnel vs. non personnel
- Special Education Costs, Cost Drivers, Other.

**EED - Local Effort in Mill Equivalent - Audited Local (required plus additional contributed)
using State Assessed Value**

District	FY02	FY03	FY04	FY05	FY06	FY07
Alaska Gateway	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-
Aleutians East Borough	11.3	9.9	11.9	11.8	7.3	10.9
Anchorage	6.5	6.3	6.3	6.3	6.4	6.2
Annette Island	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-
Bristol Bay Borough	5.8	5.3	6.3	6.1	7.0	6.6
Chatham	-	-	-	-	-	-
Chugach	-	-	-	-	-	-
Copper River	-	-	-	-	-	-
Cordova	6.0	6.9	7.7	7.4	7.3	7.9
Craig	8.8	10.1	10.8	10.1	7.6	7.9
Delta/Greely	-	-	-	-	-	-
Denali Borough	9.5	8.0	8.4	7.8	8.1	8.5
Dillingham	8.0	6.3	7.5	7.0	6.6	7.9
Fairbanks North Star Borough	6.7	6.7	6.7	6.7	6.4	6.2
Galena	52.1	52.3	60.0	24.7	26.9	31.0
Haines Borough	7.0	6.4	6.3	6.2	6.3	5.8
Hoonah	20.0	12.1	10.9	14.0	14.0	12.7
Hydaburg	8.0	3.9	7.9	7.9	7.9	7.9
Iditarod Area	-	-	-	-	-	-
Juneau Borough	6.6	6.2	6.3	6.4	6.4	6.1
Kake	7.2	18.5	15.4	14.5	5.7	5.7
Kashunamiut	-	-	-	-	-	-
Kenai Peninsula Borough	7.1	6.8	6.5	6.3	6.3	6.6
Ketchikan Gateway Borough	6.8	6.3	6.4	6.9	7.0	7.5
Klawock	12.3	10.6	9.9	9.6	9.2	11.2
Kodiak Island Borough	7.3	7.8	8.0	8.4	8.4	7.9
Kuspuk	-	-	-	-	-	-
Lake & Peninsula Borough	15.3	15.0	13.5	14.0	14.0	17.5
Lower Kuskokwim	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-
Mat-Su Borough	9.1	8.7	8.5	8.2	7.9	6.5
Nenana	4.0	4.0	4.0	4.0	4.0	4.3
Nome	5.7	5.9	6.9	6.7	6.9	7.6
North Slope Borough	2.4	2.3	2.1	2.2	2.2	2.3
Northwest Arctic Borough	8.4	8.4	8.6	8.4	9.3	9.3
Pelican	4.0	4.0	4.0	3.8	3.7	3.8
Petersburg	7.6	7.6	7.8	6.6	6.5	6.8
Pribilof	-	-	-	-	-	-
Saint Marys	4.2	4.0	4.0	4.2	4.0	3.9
Sitka Borough	7.0	7.0	6.8	6.5	6.5	7.1
Skagway	5.1	4.6	4.2	3.7	3.9	3.6
Southeast Island	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-
Tanana	13.2	13.2	13.2	4.0	4.8	4.8
Unalaska	5.4	5.5	6.1	6.4	6.4	6.4
Valdez	4.6	4.5	4.5	4.5	4.4	4.5
Wrangell	4.7	4.8	5.6	6.1	5.4	5.4
Yakutat	10.8	9.6	7.5	7.9	8.9	9.4
Yukon Flats	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-
Yupit	-	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-	-

Local Effort in Mil Equivalent -
Audited Local (required plus additional contributed) State Assessed Value

District	FY2002			FY2003			FY2004		
	Actual Local Contribution	2000 Actual State Assessed Value	Local Effort Mil Rate with Actual Local and Assessors True Value	Actual Local Contribution	2001 Actual State Assessed Value	Local Effort Mil Rate with Actual Local and Assessors True Value	Actual Local Contribution	2002 Actual State Assessed Value	Local Effort Mil Rate with Actual Local and Assessors True Value
Alaska Gateway	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-
Aleutians East Borough	\$ 1,095,093	\$ 97,167,900	11.3	\$ 928,991	\$ 93,559,600	9.9	\$ 1,103,299	\$ 92,935,400	11.9
Anchorage	107,301,568	16,574,726,820	6.5	114,373,207	18,261,699,360	6.3	121,490,634	19,203,572,370	6.3
Annette Island	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	1,197,866	204,802,200	5.8	1,092,986	204,917,800	5.3	1,217,947	191,985,000	6.3
Chatham	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-
Cordova	1,050,600	173,796,950	6.0	1,250,000	182,432,550	6.9	1,366,000	177,202,330	7.7
Craig	903,925	103,150,100	8.8	1,046,603	103,456,400	10.1	1,101,603	102,394,800	10.8
Delta/Greely	-	-	-	-	-	-	-	-	-
Denali Borough	1,153,194	121,643,100	9.5	1,220,856	153,077,100	8.0	1,276,650	152,823,600	8.4
Dillingham	1,192,104	148,150,600	8.0	1,000,000	159,311,500	6.3	1,100,000	146,658,700	7.5
Fairbanks North Star Borough	32,555,700	4,840,563,260	6.7	33,545,700	5,020,369,220	6.7	34,545,700	5,186,187,740	6.7
Galena	940,730	18,043,700	52.1	940,730	17,993,500	52.3	1,091,110	18,197,100	60.0
Haines Borough	1,419,705	204,022,700	7.0	1,381,767	216,760,200	6.4	1,358,224	216,633,800	6.3
Hoonah	500,806	25,060,000	20.0	452,252	37,486,100	12.1	401,791	36,828,800	10.9
Hydaburg	65,000	8,141,600	8.0	33,386	8,469,800	3.9	65,000	8,267,100	7.9
Iditarod Area	-	-	-	-	-	-	-	-	-
Juneau Borough	17,276,600	2,632,035,700	6.6	17,731,200	2,845,582,700	6.2	18,171,200	2,883,823,800	6.3
Kake	127,000	17,642,900	7.2	330,000	17,815,400	18.5	280,000	18,204,600	15.4
Kashunamiut	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	30,189,118	4,249,142,910	7.1	30,618,860	4,528,712,330	6.8	31,635,539	4,870,615,690	6.5
Ketchikan Gateway Borough	7,564,425	1,116,923,700	6.8	7,329,446	1,171,391,700	6.3	7,373,117	1,158,404,600	6.4
Klawock	386,257	31,525,500	12.3	340,002	32,012,000	10.6	319,504	32,251,100	9.9
Kodiak Island Borough	7,106,294	977,967,800	7.3	7,581,988	977,779,200	7.8	7,995,040	1,003,704,900	8.0
Kuspuk	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	1,054,873	69,030,900	15.3	1,054,640	70,246,900	15.0	858,435	63,750,700	13.5
Lower Kuskokwim	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-
Mat-Su Borough	29,631,346	3,256,885,340	9.1	30,071,038	3,468,918,730	8.7	31,525,963	3,722,613,180	8.5
Nenana	67,200	16,800,100	4.0	70,372	17,593,000	4.0	70,880	17,720,000	4.0
Nome	1,198,373	211,123,500	5.7	1,219,712	207,928,100	5.9	1,420,577	207,144,200	6.9
North Slope Borough	25,574,257	10,859,450,480	2.4	24,491,968	10,506,960,850	2.3	22,958,123	10,833,806,840	2.1
Northwest Arctic Borough	3,215,493	381,186,000	8.4	3,215,493	381,186,000	8.4	3,276,993	382,198,300	8.6
Pelican	50,487	12,621,800	4.0	48,089	12,022,200	4.0	46,251	11,562,700	4.0
Petersburg	1,923,454	254,224,500	7.6	1,975,976	258,774,000	7.6	1,835,409	235,272,900	7.8
Pribilof	-	-	-	-	-	-	-	-	-
Saint Marys	19,000	4,535,700	4.2	18,795	4,722,200	4.0	17,821	4,467,200	4.0
Sitka Borough	4,593,940	658,298,100	7.0	4,731,881	678,342,200	7.0	4,783,837	703,151,500	6.8
Skagway	896,547	177,458,900	5.1	868,558	187,917,800	4.6	833,156	197,415,300	4.2
Southeast Island	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-
Tanana	76,234	5,771,200	13.2	75,182	5,710,000	13.2	76,020	5,743,200	13.2
Unalaska	2,068,879	383,163,500	5.4	2,175,965	395,189,700	5.5	2,190,138	357,056,300	6.1
Valdez	4,545,614	986,219,470	4.6	4,596,906	1,024,996,450	4.5	4,682,184	1,036,084,010	4.5
Wrangell	714,352	150,471,600	4.7	804,352	166,538,800	4.8	834,436	148,965,100	5.6
Yakutat	481,000	44,561,300	10.8	452,000	47,089,600	9.6	427,000	56,665,500	7.5
Yukon Flats	-	-	-	-	-	-	-	-	-
Yukon-Koyukuk	-	-	-	-	-	-	-	-	-
Yupit	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-	-	-	-	-
TOTAL	\$ 288,136,434	\$ 49,016,309,830		\$ 297,068,901	\$ 51,466,962,990		\$ 307,729,581	\$ 53,484,308,360	

Local Effort in Mill Equivalent -
Audited Local (required plus additional contributed) State Assessed Value

District	FY2005			FY2006			FY2007		
	Actual Local Contribution	2003 Actual State Assessed Value	Local Effort Mill Rate with Actual Local and Assessors True Value	Actual Local Contribution	2004 Actual State Assessed Value	Local Effort Mill Rate with Actual Local and Assessors True Value	Actual Local Contribution	2005 Actual State Assessed Value	Local Effort Mill Rate with Actual Local and Assessors True Value
Alaska Gateway	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-
Aleutians East Borough	\$ 1,134,006	\$ 96,072,577	11.8	\$ 705,359	\$ 96,072,577	7.3	\$ 1,050,000	\$ 96,072,577	10.9
Anchorage	133,412,722	21,214,674,720	6.3	144,322,321	22,651,130,210	6.4	155,257,376	25,077,495,890	6.2
Annette Island	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	921,579	150,077,100	6.1	926,331	131,475,100	7.0	873,811	132,182,200	6.6
Chatham	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-
Cordova	1,366,000	183,525,320	7.4	1,373,941	189,368,880	7.3	1,398,036	177,177,670	7.9
Craig	971,701	95,947,500	10.1	773,145	102,029,500	7.6	777,258	98,870,400	7.9
Delta/Greely	-	-	-	-	-	-	-	-	-
Denali Borough	1,250,000	159,351,900	7.8	1,294,074	159,351,900	8.1	1,350,000	159,351,900	8.5
Dillingham	1,000,000	142,288,700	7.0	1,022,454	154,173,900	6.6	1,125,000	142,547,300	7.9
Fairbanks North Star Borough	36,545,700	5,418,779,600	6.7	38,022,700	5,907,617,440	6.4	40,022,700	6,458,961,200	6.2
Galena	459,172	18,588,300	24.7	500,160	18,588,300	26.9	575,761	18,588,300	31.0
Haines Borough	1,363,044	219,311,400	6.2	1,384,044	220,647,300	6.3	1,419,044	245,183,300	5.8
Hoonah	505,400	36,094,900	14.0	507,067	36,094,900	14.0	459,400	36,094,900	12.7
Hydaburg	65,000	8,181,400	7.9	65,000	8,181,400	7.9	65,000	8,181,400	7.9
Iditarod Area	-	-	-	-	-	-	-	-	-
Juneau Borough	18,835,000	2,934,769,500	6.4	19,795,864	3,099,578,200	6.4	21,506,609	3,522,159,000	6.1
Kake	280,000	19,302,600	14.5	110,000	19,302,600	5.7	110,000	19,302,600	5.7
Kashunamiut	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	33,744,607	5,343,012,390	6.3	34,973,682	5,511,891,850	6.3	37,941,676	5,766,580,547	6.6
Ketchikan Gateway Borough	7,637,206	1,109,849,800	6.9	7,861,674	1,117,297,100	7.0	8,834,981	1,178,492,700	7.5
Klawock	297,009	30,783,700	9.6	283,340	30,783,700	9.2	345,739	30,783,700	11.2
Kodiak Island Borough	8,332,440	995,067,200	8.4	8,632,440	1,032,002,600	8.4	8,671,260	1,095,488,400	7.9
Kuspuk	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	869,253	61,977,700	14.0	869,253	61,977,700	14.0	935,394	53,513,000	17.5
Lower Kuskokwim	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-
Mat-Su Borough	33,928,357	4,115,271,770	8.2	38,080,405	4,845,713,010	7.9	39,580,405	6,049,408,756	6.5
Nenana	73,183	18,514,900	4.0	72,661	18,254,300	4.0	94,953	21,910,200	4.3
Nome	1,420,577	212,300,700	6.7	1,420,577	206,289,200	6.9	1,676,850	221,284,500	7.6
North Slope Borough	23,555,878	10,741,203,180	2.2	23,857,285	10,624,537,620	2.2	23,979,343	10,359,130,075	2.3
Northwest Arctic Borough	3,215,493	382,139,300	8.4	3,541,589	382,139,300	9.3	3,541,589	382,139,300	9.3
Pelican	52,121	13,770,500	3.8	52,820	14,119,900	3.7	51,857	13,638,100	3.8
Petersburg	1,655,469	249,397,000	6.6	1,793,505	274,188,100	6.5	2,053,319	302,023,100	6.8
Pribilof	-	-	-	-	-	-	-	-	-
Saint Marys	20,689	4,893,700	4.2	19,440	4,893,700	4.0	19,000	4,893,700	3.9
Sitka Borough	4,787,292	732,809,900	6.5	5,017,416	770,420,100	6.5	5,693,707	804,947,500	7.1
Skagway	841,452	229,816,200	3.7	868,778	222,929,000	3.9	942,115	258,322,400	3.6
Southeast Island	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-
Tanana	22,692	5,673,100	4.0	27,100	5,673,100	4.8	27,100	5,673,100	4.8
Unalaska	2,280,801	354,477,700	6.4	2,430,048	378,713,800	6.4	2,589,482	404,671,800	6.4
Valdez	4,949,342	1,111,776,710	4.5	5,348,532	1,223,456,660	4.4	5,514,717	1,229,425,340	4.5
Wrangell	891,007	146,188,500	6.1	801,352	148,303,900	5.4	801,352	148,401,600	5.4
Yakutat	416,000	52,855,600	7.9	482,000	54,183,000	8.9	488,000	52,065,800	9.4
Yukon Flats	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-
Yupit	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-	-	-	-	-
TOTAL	\$ 327,100,192	\$ 56,608,745,067		\$ 347,236,357	\$ 59,721,379,847		\$ 369,772,834	\$ 64,574,962,255	

The Department of Education & Early Development – School Finance
Prepared for the Joint Legislative Education Task Force - Data Request
June 28, 2007

“Selected SB174 Bill History and Action”

These selected pages regarding SB174 are provided here for convenience. A full display of all bill history and action is available at:

http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=22&bill=SB174

(There are 19 pages, including this page and blank pages in this compiled PDF document)

Bill Resolution Versions Display for SB 174 in the 22nd Legislature

**SB 174**

			Intro/Offered	Passed	
Version	Amended Name	PDF	Date	House	Senate
SB0174D	HCS CSSB 174(FIN)		05/07/2001	05/08/2001	05/08/2001

Bill Root:

Display Bill Root

Next Bill

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Bill Text



BILL ID: SB 174

00 HOUSE CS FOR CS FOR SENATE BILL NO. 174 (FIN)

01 "An Act establishing a base student allocation for purposes of determining education

02 funding in the amount of \$4,010; providing that only 50 percent of the annual increase

03 in assessed value may be included for purposes of calculating the required contribution

04 to education from a city or borough school district; providing that a community with at

05 least 101 students but not more than 425 students in average daily membership is

06 counted as one elementary and one secondary school, and that, in a community with

07 more than 425 students in average daily membership, each facility administered as a

08 separate school, except certain alternative schools, is counted as a school; and providing

09 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section

12 to read:

01 INTENT. It is the intent of the legislature that any increase in funding for education

02 under AS 14.17

03 (1) provide an opportunity to move public schools in Alaska towards

04 standards-based education; and

05 (2) pay for costs associated with improving student performance by

06 developing standards-based programs, including implementation of standards, aligning

07 student assessment to standards, adopting instructional models based on basic skills,

08 performance, tasks, and projects, and adopting a standards-based reporting system.

09 * Sec. 2. AS 14.17.470 is amended to read:

10 Sec. 14.17.470. Base student allocation. The base student allocation is

11 \$4,010 [\$3,940].

12 * Sec. 3. AS 14.17.510 is amended by adding a new subsection to read:

13 (c) Notwithstanding AS 14.17.410(b)(2) and the other provisions of this

14 section, if the assessed value in a city or borough school district determined under (a)

15 of this section increases from the base year, only 50 percent of the annual increase in

16 assessed value may be included in determining the assessed value in a city or borough

17 school district under (a) of this section. The limitation on the increase in assessed

18 value in this subsection applies only to a determination of assessed value for purposes

19 of calculating the required contribution of a city or borough school district under

20 AS 14.17.410(b)(2) and 14.17.490(b). In this subsection, the base year is 1999.

21 * Sec. 4. AS 14.17.905 is amended to read:

22 Sec. 14.17.905. Facilities constituting a school. For purposes of this chapter,

23 the determination of the number of schools in a district is subject to the following:

24 (1) a community with an ADM of at least 10, but not more than 100,

25 shall be counted as one school;

26 (2) a community with an ADM of at least 101, but not more than 425

27 [750], shall be counted as

28 (A) one elementary school, which includes those students in

29 grades kindergarten through six [6]; and

30 (B) one secondary school, which includes students in grades

31 seven [7] through 12;

01 (3) in a community with an ADM of greater than 425 [750], each

02 facility that is administered as a separate school shall be counted as one school, except

03 that each alternative school with an ADM of less than 200 shall be counted as a part of

04 the school in the district with the highest ADM.

05 * Sec. 5. This Act takes effect July 1, 2001.

Bill Root:

Display Bill Root

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FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 174(FIN)
(S) Publish Date: 4/25/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
Title: "An act relating to education funding; and BRU: K-12 Support
providing for an effective date." Component: Foundation Program
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee Component Number: 141

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8
Miscellaneous						
TOTAL OPERATING	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8	1,600.8

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Attached is a sectional analysis for CSSB_174(FIN).

Section 1 changes the required local contribution for some municipalities from 45% of the prior year basic need to 45% of the current year basic need. This section also requires municipalities with an assessed / full value greater than \$2,000,000 per ADM to contribute 4 mills not to exceed the districts current year basic need.

Section 2 increases the base allocation by \$36, from \$3,940 to \$3,976.

Section 3 changes the required local contribution for some municipalities by limiting the annual increase in assessed / full value to half of the total increased amount over the prior year which the 4 mills is applied.

Section 4 changes the facilities constituting a school from 750 to 425 ADM.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679
Division: Education Support Services Date/Time 04/24/01
Approved by: Bruce Johnson, Deputy Commissioner of Education Date 04/24/01
Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

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SCHOOL DISTRICT	SECTION 1	SECTION 2	SECTION 3	SECTION 4	CUMMULATIVE EFFECT
Alaska Gateway	-	42,212	-	-	42,212
Aleutian Region	-	6,702	-	-	6,702
Aleutians East	-	34,084	1,197	-	35,281
Anchorage	-	2,414,902	1,975,111	-	4,390,013
Annette Island	-	22,198	-	-	22,198
Bering Strait	-	193,488	-	-	193,488
Bristol Bay	-	21,509	-	-	21,509
Chatham	-	22,244	-	-	22,244
Chugach	-	6,799	-	-	6,799
Copper River	-	33,661	-	-	33,661
Cordova	-	17,991	17,175	-	35,166
Craig	-	32,609	-	-	32,609
Delta/Greely	-	37,158	-	-	37,158
Denali	-	26,518	-	-	26,518
Dillingham	-	24,909	4,888	-	29,797
Fairbanks	-	794,976	316,719	-	1,111,695
Galena	-	69,402	179	-	69,581
Haines	-	24,976	11,984	-	36,960
Hoonah	-	10,400	-	-	10,400
Hydaburg	-	8,065	-	-	8,065
Iditarod Area	-	30,176	-	-	30,176
Juneau	-	281,703	276,482	-	558,185
Kake	-	11,769	-	-	11,769
Kashunamiut	-	28,121	-	-	28,121
Kenai Peninsula	-	533,748	391,914	-	925,662
Ketchikan Gateway	-	127,573	61,712	-	189,285
Klawock	-	9,321	-	-	9,321
Kodiak Island	-	167,012	101,796	-	268,808
Kuspuk	-	32,313	-	-	32,313
Lake & Peninsula	-	35,278	-	-	35,278
Lower Kuskokwim	-	213,654	-	-	213,654
Lower Yukon	-	188,409	-	-	188,409
Mat-Su	-	679,551	554,203	-	1,233,754
Nenana	-	55,803	-	-	55,803
Nome	-	38,958	40,041	-	78,999
North Slope	(9,802,554)	-	-	-	(9,802,554)
Northwest Arctic	-	215,439	-	-	215,439
Pelican	-	1,486	663	-	2,149
Petersburg	-	39,901	20,774	341,007	401,682
Pribilof	-	15,279	-	-	15,279
Sitka	-	82,271	45,177	-	127,448
Skagway	(5,894)	6,676	-	-	782
Southeast Island	-	14,941	-	-	14,941
Southwest Region	-	79,608	-	-	79,608
St. Mary's	-	9,056	71	-	9,127
Tanana	-	11,949	-	-	11,949
Unalaska	(11,899)	15,834	-	-	3,985
Valdez	7,123	51,808	-	-	58,931
Wrangell	-	28,984	4,887	218,529	252,400
Yakutat	-	12,464	721	-	13,185
Yukon Flats	-	24,734	-	-	24,734
Yukon/Koyukuk	-	56,798	-	-	56,798
Yupit	-	26,434	-	-	26,434
ACS	-	39,485	-	-	39,485
Mt. Edgecumbe	-	17,439	-	-	17,439
TOTALS:	(9,813,224)	7,028,828	3,825,694	559,536	1,600,834

Section 1 - Change to State Aid resulting from change in Local Effort

Section 2 - Change to State Aid resulting from increase to Base Allocation from \$3,940 to \$3,976

Section 3 - Change to State Aid resulting from 4 mills. / Assessed Values utilizing 1999 as the Base Year

Section 4 - Each school in community serving 425 plus, will count as a separate school

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 174(RLS)
(S) Publish Date: 5/3/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
Title: "An act relating to education funding; and BRU: K-12 Support
providing for an effective date." Component: Foundation Program
Sponsor: Senate Finance Committee
Requester: Senate Rules Committee Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3
Miscellaneous						
TOTAL OPERATING	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3	18,385.3

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Attached is a sectional analysis for CSSB_174(RLS).

Section 1 - increases the base allocation by \$70, from \$3,940 to \$4,010.

Section 2 - changes the required local contribution for some municipalities by limiting the annual increase in assessed / full value to 50% of the total increased amount over the prior year.

Section 3 - changes the facilities constituting a school from 750 to 425 ADM.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679
Division: Education Support Services Date/Time 05/03/01
Approved by: Bruce Johnson, Deputy Commissioner of Education Date 05/03/01
Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

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SCHOOL DISTRICT	student allocation at \$4,010 SECTION 1	floor adjustment SECTION 1	net increase SECTION 1	SECTION 2	SECTION 3	CUMMULATIVE EFFECT
Alaska Gateway	82,080	(7,832)	74,248	-	-	74,248
Aleutian Region	21,718	(8,687)	13,031	-	-	13,031
Aleutians East	66,274	-	66,274	1,197	-	67,471
Anchorage	4,695,643	-	4,695,643	1,975,111	-	6,670,754
Annette Island	43,163	-	43,163	-	-	43,163
Bering Strait	376,227	-	376,227	-	-	376,227
Bristol Bay	41,823	-	41,823	-	-	41,823
Chatham	43,252	-	43,252	-	-	43,252
Chugach	22,035	(8,814)	13,221	-	-	13,221
Copper River	96,532	(15,984)	80,548	-	-	80,548
Cordova	58,305	(23,322)	34,983	17,175	-	52,158
Craig	63,406	-	63,406	-	-	63,406
Delta/Greely	72,252	-	72,252	-	-	72,252
Denali	51,563	-	51,563	-	-	51,563
Dillingham	80,724	(32,289)	48,435	4,888	-	53,323
Fairbanks	1,545,788	-	1,545,788	316,719	-	1,862,507
Galena	224,914	(89,966)	134,948	179	-	135,127
Haines	48,564	(59)	48,505	11,984	-	60,489
Hoonah	33,703	(13,481)	20,222	-	-	20,222
Hydaburg	15,681	-	15,681	-	-	15,681
Iditarod Area	97,792	(39,116)	58,676	-	-	58,676
Juneau	547,756	-	547,756	276,482	-	824,238
Kake	22,884	(2,562)	20,322	-	-	20,322
Kashunamiut	54,679	-	54,679	-	-	54,679
Kenai Peninsula	1,037,843	-	1,037,843	391,914	-	1,429,757
Ketchikan Gateway	248,059	-	248,059	61,712	-	309,771
Klawock	30,207	(12,083)	18,124	-	-	18,124
Kodiak Island	324,746	-	324,746	101,796	-	426,542
Kuspuk	104,717	(41,886)	62,831	-	-	62,831
Lake & Peninsula	114,325	(45,730)	68,595	-	-	68,595
Lower Kuskokwim	692,397	(276,959)	415,438	-	-	415,438
Lower Yukon	366,350	-	366,350	-	-	366,350
Mat-Su	1,321,349	-	1,321,349	554,203	-	1,875,552
Nenana	108,505	-	108,505	-	-	108,505
Nome	101,123	(32,695)	68,428	40,041	-	108,469
North Slope	364,531	-	364,531	-	-	364,531
Northwest Arctic	418,910	-	418,910	-	-	418,910
Pelican	4,817	(1,927)	2,890	663	-	3,553
Petersburg	71,552	-	71,552	20,774	341,007	433,333
Pribilof	29,710	(1,591)	28,119	-	-	28,119
Sitka	159,971	-	159,971	45,177	-	205,148
Skagway	21,636	(8,654)	12,982	-	-	12,982
Southeast Island	48,420	(19,368)	29,052	-	-	29,052
Southwest Region	154,793	-	154,793	-	-	154,793
St. Mary's	29,348	(11,739)	17,609	71	-	17,680
Tanana	23,235	-	23,235	-	-	23,235
Unalaska	51,426	(20,555)	30,871	-	-	30,871
Valdez	100,738	(13,251)	87,487	-	-	87,487
Wrangell	52,491	-	52,491	4,887	218,529	275,907
Yakutat	25,888	(5,880)	20,008	721	-	20,729
Yukon Flats	80,158	(32,063)	48,095	-	-	48,095
Yukon/Koyukuk	110,440	-	110,440	-	-	110,440
Yupit	85,665	(34,266)	51,399	-	-	51,399
ACS	76,776	-	76,776	-	-	76,776
Mt. Edgecumbe	33,910	-	33,910	-	-	33,910
TOTALS:	14,800,794	(800,759)	14,000,035	3,825,694	559,536	18,385,265

Section 1 - Change to State Aid resulting from increase to Base Allocation of \$70 from \$3,940 to \$4,010

Section 3 - Change to State Aid resulting from 4 mills. / capped at 50% of the increased Assessed Values utilizing 1999 as the Base Year

Section 3 - Each school in community serving 425 plus, will count as a separate school

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Senate FINANCE Minute



Apr 20, 2001

SENATE BILL NO. 174

"An Act relating to education funding; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Amendment #1: This amendment inserts a new bill section on page 2, following line 17 to read as follows.

Sec. 3. AS 14.17.510 is amended by adding a new subsection to read:

(c) Notwithstanding AS 14.17.410(b)(2)(A) and the other provisions of this section, if the assessed value in a city or borough school district determined under (a) of this section increases from the base year, only 50 percent of the increase in assessed value may be included in determining the assessed value in a city or borough school district under (a) of this section. The limitation on the increase in assessed value in this subsection applies only to a determination of assessed value for purposes of calculating the required contribution of a city or borough school district under AS 14.17.410(b)(2)(A) and 14.17.490(b). In this subsection, the base year is 2000.

Senator Wilken moved for adoption.

Senator Hoffman objected for discussion.

Senator Wilken spoke to the amendment, saying that the current education foundation funding formula is calculated using student population multiplied by student dollar, which equals the "basic need" and from that amount, the required local contribution is subtracted. He defined local contribution as the amount each community in organized areas of the state is required to contribute before qualifying for state funding. He stated the local contribution is the equivalent of four mils of the "full and true assessed value" of the property contained within the boundary of the organized community.

Senator Wilken detailed how, under current statute, each increase in assessed value is passed along to property owners as an increase in the amount of property tax due for the local education contribution. He explained that this amendment provides that the state splits the cost of increases in assessed property value with the property taxpayer so that instead of paying four mils toward the local education contribution, the property owner only pays two mils on any assessment increases. He characterized this amendment as a property tax relief for "all of organized Alaska."

Senator Wilken opined this amendment, "recognizes the fact that the

state and the communities are in a joint effort to make this a better place to live and to do that through having a better education system."

Senator Hoffman referred to the amendment's accompanying worksheet, "Impact of Senate Bill 174 Amendment by Senator Wilken" and asked why some of the required local increases are shown as a negative, when the amendment sponsor stated, "everyone was benefiting."

Senator Wilken replied this is a function of the increase or decrease in assessed value. He noted that if the assessed value decreases in an organized community, there is no "increased need because the assessed value hasn't gone up."

Senator Hoffman asked for clarification that the communities showing negative figures have decreased assessed values.

Senator Wilken affirmed and pointed out that the figures are "relatively correct" in their application to this amendment.

Senator Wilken noted that of the predicted \$8 million increase in revenue for the state resulting from increased assessed values, the property taxpayers would only have to contribute \$4 million.

Co-Chair Kelly emphasized that under this amendment, "no community has to end up paying more" and that communities qualifying for the provision would "qualify to pay less." He added that the current four-mil equivalent would apply to any community with a decreased assessed value.

Senator Hoffman asked if the estimated increase to the state general fund is \$3.7 million.

Senator Wilken affirmed. He added that the figures provided are based on Department of Education and Early Development projections for FY 02.

Co-Chair Kelly was uncertain whether this amendment provides increased funding to the general fund.

Senator Leman explained it results in an increased liability to the general fund.

Senator Austerman asked if this amendment was an incentive for communities to raise assessed values.

Senator Wilken replied that assessed value is based on a number of factors. If the local economy is healthy, he said, assessed value should increase on a regular basis. He surmised that if assessed values continually decrease there are several incentives to improve the economy.

Co-Chair Kelly added that assessed value is established by law or local ordinance and would be difficult to manipulate. He suggested that a community would need to ensure current recordings of assessed values.

Senator Wilken agreed and stressed it is a function of law and that organized communities in Alaska have an established assessor process.

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Senator Hoffman asked the reasoning for this amendment.

Senator Wilken responded that because of the recently failed ballot proposal to limit the mil rate to ten mils, the public is clamoring for tax relief and this amendment provides some. He continued that the legislature works to make the state more successful, which is measured in assessed value, but then the successes are passed along to the community in the form of higher taxes. He saw this amendment as a partnership between the state and local municipalities to improve assessed values.

Senator Austerman commented that a number of communities in Southeastern Alaska show no increases in assessed values. He attributed this to the state of the timber industry.

A roll call was taken on the motion.

IN FAVOR: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

OPPOSED: Senator Olson and Senator Hoffman

The motion PASSED (7-2)

The amendment was ADOPTED.

Senator Wilken directed members' attention to material to be distributed that was supplied by the Mat-Su Borough school district along with a chart showing the full and true value change in Anchorage, Fairbanks, Juneau, Kenai, Mat-Su and the statewide.
[Copies on file.]

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Senate FINANCE Minute



Apr 24, 2001

SENATE BILL NO. 174

"An Act relating to education funding; and providing for an effective date."

Co-Chair Kelly requested a reconsideration motion be taken on SB 174 so that the Committee could consider a technical amendment.

Senator Wilken moved to rescind action taken on moving SB 174 out of Committee.

Co-Chair Kelly noted that the version of the bill before the Committee was version "C". There being no objection, action was RESCINDED.

Senator Wilken moved to adopt Amendment #6. [Copy on File]. He stated that the amendment would clarify the intent of the change in the local requirement for organized Alaska. The affect of the amendment would pass on half of the amount, in order that the taxpayer and the general fund would each carry half the funding load. He pointed out that on Page 2, Line 30, the word "annual" would be inserted, which would clarify that it would affect the prior year and would be an annual calculation. Also, it would establish a local assessed value calculation.

Senator Hoffman objected for the purpose of discussion. He asked if there had been a comparison for the 1999 date.

Senator Wilken noted that he did not have that information. He believed that would be included in the fiscal note received from the Department. He added that the 1999 were the figures which had been used.

Co-Chair Kelly asked if the objection was maintained. There being no further objection, Amendment #6 was ADOPTED.

Senator Olson moved to rescind action taken on failure to adopt Amendment #4 which would delete Section #1. [Copy on File]. He advised that none of the school districts in his area or rural Alaska were in support of the bill.

Co-Chair Kelly objected. He argued that the bill would provide more money to his district and also the North Slope Borough District.

CARL ROSE, Executive Director, Association of the Alaska School Boards, Juneau, voiced concern with passage of the bill because of issues with fairness and district redistribution. Mr. Rose commented that the Association is concerned about the future of education in the State of Alaska. He asked what will happen to children moving forward and their success with the high school qualifying exams. He requested that members take a long-term view and create a real fiscal plan.

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Mr. Rose stressed that SB 174 was a "regressive" approach in addressing the future. The issue of adequacy is not being addressed. He added that the Association is in favor of an increase in the foundation formula and redistributing money in an adjusted method. He claimed that there should not be any changes made to SB 36 until there is further and more appropriate information available. He voiced strong objection to the proposed legislation.

AT EASE 10:19 AM/10:21 AM

A roll call was taken on the motion to rescind action taken on Amendment #4.

IN FAVOR: Austerman, Hoffman, Olson
OPPOSED: Wilken, Green, Leman, Donley, Kelly

Senator Ward was not present for the vote.

The MOTION FAILED (3-5).

Senator Wilken moved to report the amended CS SB 174 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

Senator Hoffman asked if the title would change.

Co-Chair Kelly replied it would not.

Senator Olson objected to moving the bill from Committee. He explained that the bill will have a dramatic affect on the North Slope Borough.

FREIDA ARNHEIGHT, Superintendent, North Slope Borough School District, stated that SB 174 would be devastating to the North Slope Borough School District. It will remove State funding which amounts to \$9 million dollars. Taking away the State funding also removes the effort to have grants, which accounts to a little over \$10 million dollars. She urged reconsideration of the implementation of the legislation.

Senator Olson maintained his objection.

A roll call was taken on the motion to move the bill.

IN FAVOR: Green, Leman, Wilken, Donley, Kelly
OPPOSED: Austerman, Hoffman, Olson

Senator Ward was not present for the vote.

The motion PASSED (5-3).

CS SB 174 (FIN) MOVED from Committee with "individual recommendations" and with a new fiscal note by the Department of Education & Early Development.

Bill Root: Display Bill Root

To Report Problems with Basis Inquiry

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Bill Text



BILL ID: SB 174

00 CS FOR SENATE BILL NO. 174(RLS)

01 "An Act establishing a base student allocation for purposes of determining education
02 funding in the amount of \$4,010; providing that only 50 percent of the annual increase
03 in assessed value may be included for purposes of calculating the required contribution
04 to education from a city or borough school district; providing that a community with at
05 least 101 students but not more than 425 students in average daily membership is
06 counted as one elementary and one secondary school, and that, in a community with
07 more than 425 students in average daily membership, each facility administered as a
08 separate school, except certain alternative schools, is counted as a school; and providing
09 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 14.17.470 is amended to read:

12 Sec. 14.17.470. Base student allocation. The base student allocation is
01 \$4,010 [\$3,940].

02 * Sec. 2. AS 14.17.510 is amended by adding a new subsection to read:

03 (c) Notwithstanding AS 14.17.410(b)(2) and the other provisions of this
04 section, if the assessed value in a city or borough school district determined under (a)
05 of this section increases from the base year, only 50 percent of the annual increase in
06 assessed value may be included in determining the assessed value in a city or borough
07 school district under (a) of this section. The limitation on the increase in assessed
08 value in this subsection applies only to a determination of assessed value for purposes
09 of calculating the required contribution of a city or borough school district under
10 AS 14.17.410(b)(2) and 14.17.490(b). In this subsection, the base year is 1999.

11 * Sec. 3. AS 14.17.905 is amended to read:

12 Sec. 14.17.905. Facilities constituting a school. For purposes of this chapter,
13 the determination of the number of schools in a district is subject to the following:

14 (1) a community with an ADM of at least 10, but not more than 100,
15 shall be counted as one school;

16 (2) a community with an ADM of at least 101, but not more than 425
17 [750], shall be counted as

18 (A) one elementary school, which includes those students in
19 grades kindergarten through ~~six~~ [6]; and

20 (B) one secondary school, which includes students in grades
21 ~~seven~~ [7] through 12;

22 (3) in a community with an ADM of greater than 425 [750], each
23 facility that is administered as a separate school shall be counted as one school, except
24 that each alternative school with an ADM of less than 200 shall be counted as a part of
25 the school in the district with the highest ADM.

26 * Sec. 4. This Act takes effect July 1, 2001.

Bill Root:

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Journal Text for SB174 in the 22nd Legislature

Full Journal

07-20-2001

Senate Journal

1878

SB 174

Message dated July 6 and received July 7, stating the Governor signed the following bill and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO.

174(FIN) "An Act establishing a base student allocation for purposes of determining education funding in the amount of \$4,010; providing that only 50 percent of the annual increase in assessed value may be included for

07-20-2001

Senate Journal

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purposes of calculating the required contribution to education from a city or borough school district; providing that a community with at least 101 students but not more than 425 students in average daily membership is counted as one elementary and one secondary school, and that, in a community with more than 425 students in average daily membership, each facility administered as a separate school, except certain alternative schools, is counted as a school; and providing for an effective date."

Chapter 95, SLA 2001
Effective Date: 07/07/01

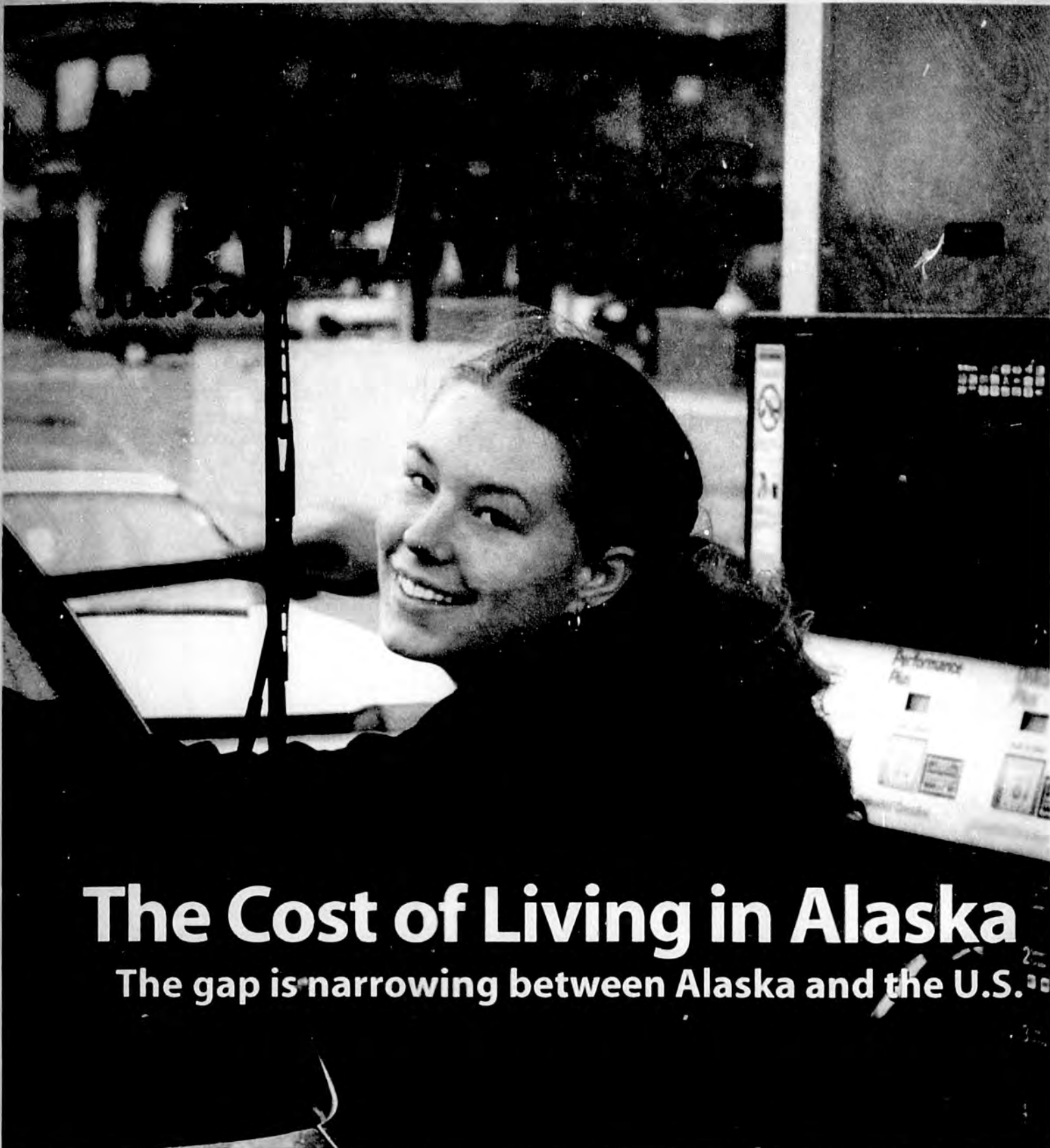
Bill Root:

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The Cost of Living in Alaska

The gap is narrowing between Alaska and the U.S.

WHAT'S INSIDE

Employment Scene

Oil and gas jobs up 1,000 over the year



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Frank H. Murkowski, Governor
Greg O'Claray, Commissioner

ALASKA ECONOMIC TRENDS



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

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Cover: Sara Williamson, 25, of Juneau cleans a customer's windshield while working at the Capital Service gas station in Juneau in fall 2005. Now she works at the Douglas Breeze-In and the Goldbelt Tour Center. She moved up from Washington 1½ years ago. "It's extremely expensive for one person to live with one job. The rent up here is so expensive, I have to work two jobs." Is it worth it? "Oh, it's worth it. There are awesome people here. It's like one big giant neighborhood."

Photo by David Gelotte

Frank H. Murkowski, Governor of Alaska
Greg O'Claray, Commissioner

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Living Large in Alaska: Countering the Costs

By Governor Frank H. Murkowski

This month's *Trends* features data and analysis on the cost of living in Alaska. As the economists discuss, the unique benefits of living in the 49th state, with its rugged and remote characteristics, come with unique costs. While it's still more expensive to live in Alaska than in much of the rest of the country, the gap is narrowing, particularly in some of our higher-population areas.

To help counter the higher cost of living in this great state, my administration has worked hard to grow our economy and maximize our resource industries. We've expanded past our primary economic base of oil revenues and revitalized our mining and fishing industries. The construction of a natural gas pipeline and additional oil fields bring with them more high-paying jobs throughout the state.

As of April, we've created more than 15,400 new jobs during my administration across all industries. Forecasts estimate 3,600 new jobs in 2006 and 2007 for the high-growth industries of mining, energy, construction and health care. Altogether, a 10-year forecast predicts an overall total of 43,000 new jobs during the 2002-2012 period.

More jobs mean more opportunities for Alaskans to earn a good living in Alaska and enjoy the unique benefits our state offers. In addition to creating jobs, we're helping Alaskans get trained and placed in those jobs. Our Alaska Job Centers logged more than 240,000 visits in 2005, and of the 66,725 people receiving significant staff assistance, 9,264 of them found jobs. That's a 30-percent increase in the number of Alaskans put to work compared to the previous year.

ALEXsys, a new online system to help match job seekers and employers, is now up and running and will likely increase the numbers further. And to reach kids in the schools or those in some more remote areas of the state, we've added two Mobile Job Units to take the full services of the Job Centers right to them.

And speaking of our students, we know that many of tomorrow's builders of the natural gas pipeline are currently in our middle schools. So we're working to increase their awareness of the opportunities ahead for them and what they can start doing now to get ready for those good-paying jobs in the future.

But it won't just be today's students building the natural gas pipeline. All Alaskans are eligible to join in this historic venture. Training programs will help those ready for a change in career or those continuing in the construction trades. Other pipeline infrastructure industries, such as transportation, will also need more workers. The opportunities are abundant.

As Alaskans, we enjoy a quality of life second to none. We're surrounded by jaw-dropping scenery and a never-ending supply of recreational options. While Alaska is statistically a more expensive place to live, her returns on investment are enormous. Get out there and enjoy it, and we'll keep working on continued growth and prosperity for our great state.

The Cost of Living in Alaska

by Neal Fried and
Dan Robinson
Economists

The gap is narrowing between Alaska and the U.S.

The high cost of living in Alaska is part of the state's folklore. Stories are told of eggs being sold for a dollar each in Skagway during the Klondike gold rush and of converted garages renting for \$1,000 a month in Fairbanks during construction of the trans-Alaska oil pipeline. Even during more stable economic periods, the unique benefits of living in the 49th state – a rugged and expansive land more remote from the nation's population centers than every other state except Hawaii – come with unique costs.

This article takes a look at some of those costs by examining the most current information from a variety of cost-of-living studies and concludes that although it's still more expensive to live in Alaska than in much of the rest of the country, the gap is gradually narrowing.

Two ways to look at cost of living

Cost-of-living measures come in two basic types. One looks at the change in prices over time in a specific location. The Consumer Price Index, considered the broadest and most comprehensive measure of inflation, is the best example of this type of measure. Landlords, workers, unions and employers use the CPI to adjust rents and salaries, among other things, and the Alaska Permanent Fund Corporation uses the CPI to determine how much money must be added to the principal of the Permanent Fund every year to keep up with inflation.

Other cost-of-living studies compare prices in different locations for a specific time period. These studies are used primarily by employ-

ers and benefit providers who want to equalize wages or payments to people in different locations – and by employees and benefit recipients who want to make a case for why their wages or benefit payments should be raised. A number of these types of measures will be examined.

Highest inflation in 12 years

For the first time since 1993, inflation as measured by the Anchorage CPI¹ crested the 3 percent mark in 2005. (See Exhibits 1 and 2.) The city's 3.1 percent increase was lower than the national inflation rate of 3.4 percent, but well above Anchorage's 10-year average of 2.2 percent.

Prices rose in nearly all major categories in 2005, with the biggest increase coming in the transportation component. (See Exhibit 3.) The only decline among the major categories was in apparel and upkeep, where prices have fallen in seven out of the last 10 years, due mostly to the dramatic increase in cheaper imports from China. In general, national inflation exceeded Anchorage's, continuing a long-running trend of a slowly narrowing gap between Alaska prices and average prices for the nation as a whole.

Housing costs, which have the largest impact on

¹ Because a Consumer Price Index is not calculated for any other Alaska city, the Anchorage CPI is often used as the best substitute for a statewide inflation measure. All references to the CPI in this article are to the CPI-U (Consumer Price Index for all Urban Consumers). The CPI-U covers about 87 percent of the U.S. population and nearly all of the Anchorage population. The U.S. Department of Labor's Bureau of Labor Statistics also produces an index called the Consumer Price Index for all Urban Wage Earners and Clerical Workers, or CPI-W, which covers a subset of the CPI-U population who work in clerical or wage occupations.

the overall CPI, rose by 2.7 percent, compared to 3.3 percent for the U.S. High oil and natural gas prices are reflected in a number of CPI categories. Fuels and utilities, a subcategory of housing, rose by 8.2 percent in 2005 after an even higher increase of 9.2 percent in 2004. Overall, energy prices, which are scattered throughout a number of other categories, rose by 12.8 percent in 2005, the largest single-year increase for the category in the last decade. Nationally, energy prices rose even more – 17.0 percent – in 2005.

How the inflation rate is calculated

As noted above, the Consumer Price Index measures price changes over time. More specifically, it measures the average change over time in the prices paid by urban consumers for a combination of consumer goods and services referred to as the “market basket.” Anchorage is one of 27 local areas nationwide for which a CPI is calculated. CPI data for Anchorage is available on a semi-annual basis back to 1984.

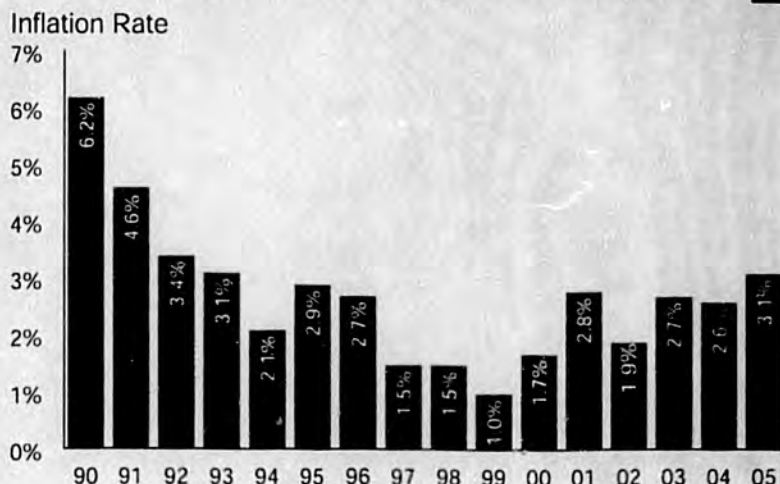
To produce the Anchorage CPI, the U.S. Department of Labor’s Bureau of Labor Statistics conducts detailed surveys of Anchorage consumers’ spending habits. Survey responses determine the makeup of the city’s market basket as well as the weight each item will have in the overall index. A category’s weight represents its percentage of the average consumer’s total expenditures. (See Exhibit 4.)

Not surprisingly, the CPI weights housing highest.² As a result, housing has the most influence on the overall index. Housing’s dominant weight also gives the CPI a local flavor, since housing prices can differ substantially throughout the

² The CPI measures housing prices according to “rental equivalency,” which looks at the current rental values of houses rather than actual sale prices or appraised values. This method has been criticized as not being reflective of the actual increases in consumer expenditures for housing, since rental prices have not increased as much as sale prices for homes in recent years. One of the Bureau of Labor Statistics’ responses has been that some of the increase in home values is due to investment buying and investments are excluded from CPI calculations.

Anchorage Consumer Price Index

3.1% inflation is the highest in 12 years



Source: U.S. Department of Labor, Bureau of Labor Statistics

country depending on local market forces. When local CPI numbers differ substantially from national CPI numbers (see Exhibits 2 and 3), housing prices are the most likely culprit since other CPI categories such as transportation, food, clothing and recreation costs are dictated more by national and international conditions than local ones.

One example of this was during the late 1980s when Anchorage’s real estate market crashed. Falling housing prices kept Anchorage’s overall CPI nearly flat in 1987 and 1988 – 0.4 percent for each of the two years. (See Exhibit 2.) During this same period, the national housing market was robust and as a result the national inflation rate was considerably higher than Anchorage’s – 3.6 percent in 1987 and 4.1 percent in 1988.

Medical costs available again

CPI data for Anchorage medical care were published again in 2005 after being unavailable since the first half of 2002 due to an insufficient sample of medical costs.³ The lack of annual data from 2002 through 2004 makes it impos-

³ Although medical care costs were not separately published, they were still incorporated into the overall CPI.