

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 153 32775

Appendix B

A Comparison of District Cost Factors

School District	Current Cost Factor	AIR Cost Factor	ISER Cost Factor
Alaska Gateway	1.291	1.28	1.594
Aleutian Region	1.736	1.46	1.939
Aleutians East Borough	1.423	1.49	1.991
Anchorage	1.000	1.00	1.000
Annette Island	1.011	1.03	1.338
Bering Strait	1.525	1.55	1.998
Bristol Bay Borough	1.262	1.19	1.478
Chatham	1.120	1.20	1.576
Chugach	1.294	1.29	1.496
Copper River	1.176	1.15	1.316
Cordova	1.096	1.07	1.234
Craig	1.010	1.09	1.206
Delta/Greely	1.106	1.09	1.241
Denali Borough	1.313	1.09	1.332
Dillingham	1.254	1.13	1.346
Fairbanks N. Star Borough	1.039	1.08	1.070
Galena	1.348	1.26	1.391
Haines Borough	1.008	1.03	1.200
Hoonah	1.055	1.12	1.399
Hydaburg	1.085	1.10	1.504
Iditarod Area	1.470	1.40	1.846
Juneau Borough	1.005	1.02	1.145
Kake	1.025	1.09	1.459
Kashunamiut	1.389	1.25	1.619
Kenai Peninsula Borough	1.004	1.03	1.171
Ketchikan Gateway Borough	1.000	1.01	1.170
Klawock	1.017	1.04	1.302
Kodiak Island Borough	1.093	1.12	1.289
Kuspuk	1.434	1.21	1.734
Lake & Peninsula Borough	1.558	1.46	1.994
Lower Kuskokwim	1.491	1.39	1.663
Lower Yukon	1.438	1.40	1.861
Mat-Su Borough	1.010	0.99	1.070
Nenana	1.270	1.17	1.338
Nome	1.319	1.16	1.450
North Slope Borough	1.504	1.58	1.791
Northwest Arctic Borough	1.549	1.48	1.823
Pelican	1.290	1.14	1.477
Petersburg	1.000	1.01	1.244
Pribilof	1.419	1.29	1.691
Sitka Borough	1.000	1.03	1.195
Skagway	1.143	1.00	1.174
Southeast Island	1.124	1.07	1.403
Southwest Region	1.423	1.26	1.685
St. Mary's	1.351	1.28	1.624
Tanana	1.496	1.29	1.786
Unalaska	1.245	1.19	1.441
Valdez	1.095	1.05	1.170
Wrangell	1.000	1.00	1.159
Yakutat	1.046	1.17	1.412
Yukon Flats	1.668	1.46	2.116
Yukon/Koyukuk	1.502	1.44	1.835
Yupit	1.469	1.31	1.723
Mt. Edgecumbe High School	1.000	1.03	1.195

ALASKA STATE LEGISLATURE

SESSION

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SENATOR BERT K. STEDMAN

August 28, 2007

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

Representative Hawker:

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

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

District Cost Factors

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

DISTRICT A

Ketchikan • Sitka • Petersburg • Wrangell

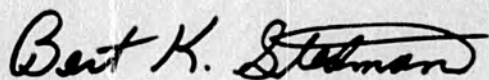
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis

Require Local Contribution

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

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

Best Regards,

A handwritten signature in cursive script that reads "Bert K. Stedman". The signature is fluid and stylized, with the first and last names being more prominent.

Bert K Stedman

25-LS1076A
Mischel
8/29/07

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE HAWKER BY REQUEST OF THE JOINT LEGISLATIVE EDUCATION
FUNDING TASK FORCE**

Introduced:
Referred:

A RESOLUTION

1 **Establishing and relating to the Education Funding District Cost Factor Commission.**

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

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

5 **WHEREAS** the cost of providing adequate public education for children living in the
6 state varies significantly among geographic areas of the state; and

7 **WHEREAS** accurately measuring relative cost differences is integral to equitable
8 funding for education across geographic areas; and

9 **WHEREAS** the cost differentials have been a recurring policy issue since the current
10 funding formula was adopted in 1998; and

11 **WHEREAS** the findings of economic analyses conducted in 2002 and 2004 have
12 raised questions and controversy within the Alaska State Legislature; and

13 **WHEREAS** previous determinations of cost differentials have been static and,
14 consequently, have become outdated;

15 **BE IT RESOLVED** by the Alaska State Legislature that the Education Funding
16 District Cost Factor Commission is established for the purpose of examining school district

1 cost differentials and creating a valid and durable model that can be updated to accurately
2 reflect the costs of providing education; and be it

3 **FURTHER RESOLVED** that the commission consists of 11 members as follows:

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

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

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

8 **FURTHER RESOLVED** that the president of the senate and the speaker of the house
9 of representatives shall jointly appoint the chair and vice-chair of the commission; and be it

10 **FURTHER RESOLVED** that a commission member is subject to reappointment or
11 replacement if either the president of the senate or speaker of the house of representatives is
12 replaced and the member was appointed by the former president or speaker; a member may
13 continue to serve even if the member is no longer a state legislator; and be it

14 **FURTHER RESOLVED** that the commission shall submit a report of its findings
15 and proposed legislative changes to the governor and the legislature by September 30, 2009,
16 and may make any additional reports it considers advisable; and be it

17 **FURTHER RESOLVED** that the Education Funding District Cost Factor
18 Commission is terminated on December 31, 2010.

SCOMM

153:8

Joint Legislative Education Funding Task Force

Report to the Governor and Legislature

September 1, 2007

**Joint Legislative Education Funding Task Force
Report to the Governor and Legislature**

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Legislative Education Funding Task Force Report to the Governor and Legislature

Members

Representative Mike Hawker – Chairman

Senator Bert Stedman – Vice-Chairman

Senator Johnny Ellis

Senator Lyman Hoffman

Representative Reggie Joule

Representative Mike Kelly

Representative Bob Roses

Representative Paul Seaton

Senator Gary Stevens

Senator Gary Wilken

Public Member Carl Rose, Association of Alaska School Boards

Committee Aides: Juli Lucky, Pauly Swanson, Charisse Millett

REPORT TO THE GOVERNOR AND LEGISLATURE

Authority and charge

The Joint Legislative Education Funding Task Force (JLETF) was established by Senate Concurrent Resolution 11 (SCR 11) in the first session of the Twenty-fifth Alaska State Legislature. The JLETF was established for the purpose of examining school district cost differentials and the existing formula for distributing state aid for education. The JLETF was charged with:

- Evaluating proposals that are based on available facts and conclusions pertaining to school district cost factors and the foundation formula
- Recommending improvements or additions to the laws providing for education funding
- Taking public comments on education funding and school district cost factors

The JLETF was directed to submit a report of its findings and proposed legislative changes to the governor and the legislature by September 1, 2007 and was authorized to make any additional reports it considered advisable.

This report constitutes the findings and proposed action recommended by the JLETF.

The JLETF will terminate on October 15, 2007 after completing its assigned responsibilities.

Methodology

The JLETF met during the months of June, July and August, 2007. The initial meetings included a detailed analysis of the school funding formula and related statutes and regulations. The JLETF also considered the implications of the Decision and Order rendered June 21, 2007 in the case of Kristine Moore, et al vs. State of Alaska regarding the adequacy of school funding in Alaska.

The JLETF identified specific issues for further analysis and consideration. The JLETF then conducted public hearings where all school districts in the state were invited to provide testimony without a time limit. Invited testimony was followed by open public testimony. The JLETF then convened in a public work session and developed initial recommendations. The initial recommendations were subjected to a second session of open public comment and finalized into this report.

Alaska school funding formula

The school funding formula is a statutorily defined calculation utilized to determine the amount of state aid paid annually to each individual school district. The formula is intended to achieve an equitable distribution of aid for education throughout the state. The current formula was adopted in 1998 and has undergone several amendments. The formula incorporates factors intended to recognize and adjust individual district funding for the financial consequences of variables in school size, geographic cost differences, special needs and intensive needs student populations, correspondence programs, federal aid, and the ability of communities to provide local contributions.

State aid to each school district is calculated annually based on student enrollment. The formula uses the term 'average daily membership' for the enrollment census. Average daily membership (ADM) is first adjusted for school size to recognize economies of scale for larger schools. School size adjusted ADM is then increased by factors for district cost differentials, special needs, and intensive services funding. Correspondence program membership is factored and added to the attending membership to achieve a final adjusted ADM. This total is multiplied by the base student allocation (BSA) to determine each district's basic need. The BSA is a dollar value established in statute.

Basic need is reduced by the amount of required local contribution for districts in organized boroughs and 90% of the eligible federal Title VIII Impact Aid received. It is also increased by a statutory Quality School Grants entitlement and, in some cases, by a funding 'floor' factor to result in the final state aid entitlement.

Committee determinations

The JLETF determined at the beginning of deliberations to limit the scope of work to examining components of the existing formula rather than undertaking a reconsideration of the formula itself.

The JLETF determined that the school funding formula should be structured in such a manner that schools are fairly and adequately funded without other special grant programs such as Learning Opportunity Grants (LOGs) or School Improvement Grants (SIGs). These grants have been used in the past to provide additional funding without addressing the underlying problems with the formula.

The JLETF determined that the recommendations contained in this report are prefaced by the assumption that Senate Bill 125 (SB 125), PERS/TRS Cost Sharing, passes the legislature and becomes law substantially in the form SB 125 existed at the adjournment of the first regular session of the Twenty-fifth Alaska State Legislature. SB 125 provides a mechanism allocating the annual payment for the cost of Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) contributions for school district employees between the state and the local employers. SB 125 effectively relieves school districts from financial responsibility for unfunded past

service costs in excess of levels specified in that statute. School districts are provided with a stable, predictable and limited cost environment for these obligations.

Immediate recommendations and further consideration of education issues:

The JLETF recognizes that school funding policy is an ongoing constitutionally mandated responsibility of the legislature. To better meet that responsibility, the JLETF recommends immediate action, as described in this report, augmented by a long-term commitment to continue the process undertaken by the JLETF. This report identifies a number of specific policies for implementation during the second regular session of the Twenty-fifth Alaska State Legislature and identifies other issues with provisions of the school funding formula that merit further legislative consideration.

The JLETF recommends that the legislature's further consideration of education and education funding issues merit the regular and continuing attention of dedicated committees separate and apart from the Standing Committees for Health and Social Services. Standing Committees on Education should be established during the second regular session of the Twenty-fifth Alaska State Legislature. These education committees should be formally charged with recurring review of the foundation formula, regularly updating district cost differentials, general education policy and University of Alaska oversight.

Recommendations for policies to be implemented during the second regular session of the Twenty-fifth Alaska State Legislature:

District cost factors

The school funding formula recognizes that school districts across the state face differing costs for similar goods and services including energy, supplies and labor. These geographic cost-of-living differences are accommodated in the formula by a factor that is applied to the school size adjusted ADM. Anchorage is presumed to be the base for this calculation and receives a factor of one (1.0). Other districts are individually assigned factors in excess of one to recognize their individual cost differential in relation to Anchorage.

The numerical value of the cost differential factors has been a policy issue with the formula since it was adopted in 1998. The legislature has undertaken various efforts utilizing professional economic consultants to accurately and fairly determine these factors. A controversial economic analysis was completed in 2003 by the American Institute of Research (AIR). This work was reviewed and modified in 2005 by the University of Alaska's Institute of Social and Economic Research (ISER). Certain aspects of the ISER differential calculation also raise questions and controversy within the legislature. However, the ISER study is

generally accepted as the most recent and reliable differential analysis available at this time.

The JLETF recognizes that legitimate concerns exist with the ISER study. SCR 11 charged the JLETF with evaluating proposals that are based on available facts and conclusions pertaining to school district cost factors and the foundation formula. Accordingly, the JLETF determined it was appropriate to utilize the ISER conclusions in making the recommendations in this report.

The JLETF recommends that the district cost factor statutes be changed to phase in the ISER proposal. 50% of the ISER factors should be implemented in fiscal year 2009, with the remaining 50% implemented over the four subsequent fiscal years. Implementation of this recommendation will require additional funds to be appropriated so that the amount received by Anchorage will not be negatively impacted by the increased factors for other school districts.

The JLETF recommends that a dedicated commission be established to address the district cost factor issue in detail. The commission should be similar in organization to the Joint Legislative Education Funding Task Force that prepared this report. The commission should be charged with developing a durable and dynamic (updateable) economic model that can be used to update district cost factors on a regular and recurring basis. Further, the commission should be directed to investigate the feasibility of incorporating direct reimbursement for some costs, such as energy costs. It should be provided with adequate financial resources to engage the highly qualified professional resources necessary to conduct the economic analyses needed to develop the economic model and improve the accuracy of district cost factors.

Intensive needs student funding

Intensive needs students are specifically identified individuals experiencing medical or other circumstances that require dedicated services, equipment or facilities. Currently school districts receive five (5) times the BSA for each intensive needs student. The determination of students classified as intensive needs is subject to Department of Education and Early Development audit and challenge.

School districts have provided consistent testimony that the actual cost to serve these students is more than the current funding. The JLETF accepts school district testimony that these costs could average as high as fifteen times (15) the BSA.

The JLETF recommends that statute be changed to provide a nine (9) times BSA multiplier for fiscal year 2009, eleven (11) times for fiscal year 2010 and thirteen (13) times for fiscal year 2011 and beyond.

Declining enrollment step-down

School districts occasionally experience abrupt declines in enrollment resulting from factors beyond the district's control or ability to predict in advance. The closing or realignment of military bases can have this effect. Under the school funding formula these abrupt enrollment declines result in an immediate and equally abrupt funding reduction.

The JLETF recommends that statute be adopted to provide a 'step-down' mechanism that buffers the effects of declining enrollment.

Base student allocation

The JLETF recognizes that school districts are better able to plan and budget their programs when the amount of their student funding is known and predictable.

The JLETF recommends that the legislature commit in statute to further increasing the BSA amounts for three years. The BSA for fiscal year 2009 through fiscal year 2011 should be increased by, at a minimum, \$100 per year from fiscal year 2008 levels.

Pupil transportation recalibration

The JLETF recognizes that school districts have experienced increased costs of transporting pupils and have largely completed negotiating new transportation contracts that are in excess of current funding levels.

The JLETF recommends that the current system of providing funding for pupil transportation be continued. However, the Department of Education and Early Development should recalibrate funding levels for fiscal year 2009 utilizing the most recent actual audited costs for the school districts.

University of Alaska teacher preparation report

Preparing new teachers to meet the challenges of providing quality education throughout Alaska should be an important objective of the University of Alaska.

The JLETF recommends that the legislature require the University to provide an annual report to the legislature documenting their efforts and degree of success in training teachers and in assisting Alaska school districts to attract and retain qualified instructors.

Other recommendations:

Expedite school appropriation

The JLETF recommends that the legislature expedite school funding and pass a stand-alone appropriation to fund the statutory BSA by the 60th legislative day. This appropriation confirms the availability of the BSA and will further facilitate school districts' ability to plan and budget their programs.

Utilize Public Education Fund

The Public Education Fund was established by the legislature to provide a means to set aside money in excess of the requirements of a current year's budget to fund the BSA in subsequent years.

The JLETF recommends the legislature continue to use the Public Education Fund and that the maximum possible amount of money be set aside in the fiscal year 2009 budget process for this purpose.

Special session call is not necessary

The JLETF believes it has proposed a solution for school funding, including the treatment of school district cost factors, which provides stable, predictable and adequate funding for the next three fiscal years. Accordingly, the JLETF concludes it is not necessary or appropriate for the governor to call the legislature into special session in order to address school funding prior to the Twenty-fifth Alaska State Legislature convening its second regular session.

Issues referred to the proposed standing committees on education for further legislative consideration:

Charter and correspondence schools and home-schooling

Charter schools, correspondence schools and home-schooling are integral to providing a broad spectrum of school alternatives in Alaska. The manner in which these alternatives are recognized in the school funding formula should be evaluated by the Standing Committees on Education to make certain they are fairly and adequately supported

Special needs block grant

The special needs block grant is a 20% increase in each district's school size adjusted ADM to recognize the cost of providing a range of specialized services including special education, vocational technology, bilingual and bicultural programs, and gifted and talented programs. When the current school funding formula was adopted, it was determined that these programs were to be funded with these block grants, rather than attempting to fund each activity category individually. The JLETF did not recommend a change in the special needs block grant factor.

However, the JLETF recommends the structure of these grants be further considered by the Standing Committees on Education to evaluate whether the block grant approach continues to be the most appropriate mechanism to address these specialized programs.

Vocational technology programs

Vocational technology programs are becoming a more prominent component of public school education. Various school districts have developed differing approaches to providing these programs.

The Standing Committees on Education should undertake a comprehensive examination of vocational technology programs across the state and determine if additional statutory consideration is appropriate to meet the demand for these programs and to maximize their effectiveness.

Required local effort and federal Title VIII Impact Aid

School districts in organized boroughs are required to provide local funding in the amount equivalent to a 4-mill tax levy on the full and true value of the taxable real and personal property in the district, not to exceed 45% of the district's basic need for the preceding fiscal year. However, beginning in fiscal year 2002, only 50% of the increase in real and personal property over the 1999 full and true value is used for the 4-mill equivalent calculation.

The JLETF considered and made no recommendations to change the required local effort provisions at this time. The Standing Committees on Education should undertake an aggressive examination of these provisions, considering both the long-term consequences of the current structure and the exemption for school districts in the unorganized boroughs from local effort requirements.

Federal Impact Aid provides funds, ostensibly in-lieu of local taxes, to school districts for children of parents living and/or working on federal property or property exempted from taxation by federal mandate.

The JLETF considered and made no recommendations to change the Federal Impact Aid provisions. The Standing Committees on Education should include consideration of these provisions in their evaluation of local effort issues.

Moore et. al. v. State of Alaska Decision and Order

On June 21, 2007, the Superior Court issued a Decision and Order in the Moore et al v. State of Alaska lawsuit. The Decision and Order placed certain requirements on the legislature with regard to schools that are not performing adequately.

The JLETF recognizes the legislature's continued reliance upon authority delegated to the executive branch and the Department of Education and Early Development to continue and conclude the legal process with regard to these issues. The JLETF recommends that the legislature evaluate and determine the appropriate action, if any, to take in the second regular session of the Twenty-fifth Alaska State Legislature based on the facts available when that session convenes in January 2008.

Overlapping timing for state and school district budget cycles

The JLETF considered early or pre-funding alternatives for the annual education appropriation. In addition to the specific proposals in the report, the JLETF recommends the Standing Committees on Education further consider alternatives that can provide relief from the practical problems that arise from the overlapping state and school district budget cycles.

Innovative or best practices grants

The JLETF determined that the school funding formula should be structured in such a manner that schools are fairly and adequately funded without other special grant programs. The JLETF also recognized that "innovative" and "best practices" programs outside or increasing the scope of regular public school instructional programs should be encouraged.

The JLETF recommends that the Standing Committees on Education work with the Department of Education and Early Development to evaluate the viability of a system of specialized supplemental grants that would be available to school districts which apply and meet high eligibility standards of both need and merit.

Voluntary pre-K programs

The JLETF considered voluntary pre-kindergarten programs and desired this report remain neutral with regard to this issue. The JLETF recommends that the merits and costs of these programs be objectively evaluated by the Standing Committees on Education.

Alaska Military Youth Academy funding

The Alaska Military Youth Academy (AMYA) receives funding that is statutorily derived from the BSA. The recent significant increases in the BSA has resulted in statutory funding in excess of what is necessary for AMYA operations.

The JLETF recommends that the Standing Committees on Education review and adjust the AMYA funding statutes to provide adequate and appropriate, but not excessive, funding to meet their needs.

National Forest Receipts Program

The National Forest Receipts Program was originally authorized under a 1908 federal law that required 25% of the annual income generated from activities within a national forest to be shared with the state and distributed to local governments located within the national forest. The decline of commercial timber harvests in the Tongass National Forest has resulted in a substantial decline in the revenue that numerous Alaska communities relied upon to fund their schools. The federal government took temporary action to subsidize increased payments to the local communities through 2008. That funding may not continue.

The JLETF recommends that the Standing Committees on Education monitor federal actions regarding the National Forest Receipts Program and determine what state response may be appropriate as a result of those actions.

Achieving and sustaining the commitments proposed in this report

The JLETF recognizes that achieving and sustaining the education funding commitments proposed in this report presents significant challenges in light of the economic reality of the state's declining oil production. No matter how high the market price of oil reaches, nor how great the level of state imposed taxation, the indisputable decline in North Slope oil production inevitably results in the state having less fiscal resources available to allocate among all the competing needs for public services, including providing a system of public schools.

The determination of state revenue and appropriation policies will always entail reconciliation of differing economic and social philosophies among individual policy makers. Regardless of the dynamics inherent in the political process, the Alaska Constitution requires the legislature to establish and maintain a system of public schools and the legislature must be committed to meeting that responsibility.

The JLETF recommends the legislature adopt the proposals in this report and prioritize developing the long-range fiscal policy necessary to sustain these commitments.

Draft Legislation

25-LS1048E
Mischel
8/10/07

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Introduced:

Referred:

A BILL**FOR AN ACT ENTITLED**

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

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

5 *** Section 1.** AS 14.17.410(b) is amended to read:

6 (b) Public school funding consists of state aid, a required local contribution,
7 and eligible federal impact aid determined as follows:

8 (1) state aid equals basic need minus a required local contribution and
9 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
10 obtained under (D) of this paragraph, multiplied by the base student allocation set out
11 in AS 14.17.470; district adjusted ADM is calculated as follows:

12 (A) the ADM of each school in the district is calculated by
13 applying the school size factor to the student count as set out in AS 14.17.450;

14 (B) the number obtained under (A) of this paragraph is

multiplied by the district cost factor described in AS 14.17.460;

(C) the ADMs of each school in a district, as adjusted according to (A) and (B) of this paragraph, are added; the sum is then multiplied by the special needs factor set out in AS 14.17.420(a)(1);

(D) the number obtained for intensive services under AS 14.17.420(a)(2) and the number obtained for correspondence study under AS 14.17.430 are added to the number obtained under (C) of this paragraph;

(E) notwithstanding (A) - (C) of this paragraph, if a school district's ADM adjusted for school size under (A) of this paragraph decreases by five percent or more from one fiscal year to the next fiscal year, the school district may use the last fiscal year before the decrease as a base fiscal year to offset the decrease, according to the following method:

(i) for the first fiscal year after the base fiscal year determined under this subparagraph, the school district's ADM adjusted for school size determined under (A) of this paragraph is calculated as the district's ADM adjusted for school size, plus 75 percent of the difference in the district's ADM adjusted for school size between the base fiscal year and the first fiscal year after the base fiscal year;

(ii) for the second fiscal year after the base fiscal year determined under this subparagraph, the school district's ADM adjusted for school size determined under (A) of this paragraph is calculated as the district's ADM adjusted for school size, plus 50 percent of the difference in the district's ADM adjusted for school size between the base fiscal year and the second fiscal year after the base fiscal year;

(iii) for the third fiscal year after the base fiscal year determined under this subparagraph, the school district's ADM adjusted for school size determined under (A) of this paragraph is calculated as the district's ADM adjusted for school size, plus 25 percent of the difference in the district's ADM adjusted for school

size between the base fiscal year and the third fiscal year after the base fiscal year;

(F) the method established in (E) of this paragraph is available to a school district for the three fiscal years following the base fiscal year determined under (E) of this paragraph only if the district's ADM adjusted for school size determined under (A) of this paragraph for each fiscal year is less than the district's ADM adjusted for school size in the base fiscal year;

(G) the method established in (E) of this paragraph does not apply to a decrease in the district's ADM adjusted for school size resulting from a loss of enrollment that occurs as a result of a boundary change under AS 29;

(2) the required local contribution of a city or borough school district is the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a district's basic need for the preceding fiscal year as determined under (1) of this subsection.

* Sec. 2. AS 14.17.420(a) is amended to read:

(a) As a component of public school funding, a district is eligible for special needs funding and may be eligible for intensive services funding as follows:

(1) special needs funding is available to a district to assist the district in providing special education, gifted and talented education, vocational education, and bilingual education services to its students; a special needs funding factor of 1.20 shall be applied as set out in AS 14.17.410(b)(1);

(2) in addition to the special needs funding for which a district is eligible under (1) of this subsection, a district is eligible for intensive services funding for each special education student who needs and receives intensive services and is enrolled on the last day of the count period; for each such student, intensive services funding is equal to the intensive student count multiplied by nine [FIVE].

1 * **Sec. 3.** AS 14.17.420(a), as amended by sec. 2 of this Act, is amended to read:

2 (a) As a component of public school funding, a district is eligible for special
3 needs funding and may be eligible for intensive services funding as follows:

4 (1) special needs funding is available to a district to assist the district
5 in providing special education, gifted and talented education, vocational education,
6 and bilingual education services to its students; a special needs funding factor of 1.20
7 shall be applied as set out in AS 14.17.410(b)(1);

8 (2) in addition to the special needs funding for which a district is
9 eligible under (1) of this subsection, a district is eligible for intensive services funding
10 for each special education student who needs and receives intensive services and is
11 enrolled on the last day of the count period; for each such student, intensive services
12 funding is equal to the intensive student count multiplied by 11 [NINE].

13 * **Sec. 4.** AS 14.17.420(a), as amended by secs. 2 and 3 of this Act, is amended to read:

14 (a) As a component of public school funding, a district is eligible for special
15 needs funding and may be eligible for intensive services funding as follows:

16 (1) special needs funding is available to a district to assist the district
17 in providing special education, gifted and talented education, vocational education,
18 and bilingual education services to its students; a special needs funding factor of 1.20
19 shall be applied as set out in AS 14.17.410(b)(1);

20 (2) in addition to the special needs funding for which a district is
21 eligible under (1) of this subsection, a district is eligible for intensive services funding
22 for each special education student who needs and receives intensive services and is
23 enrolled on the last day of the count period; for each such student, intensive services
24 funding is equal to the intensive student count multiplied by 13 [11].

25 * **Sec. 5.** AS 14.17.460(a) is repealed and reenacted to read:

26 (a) For purposes of calculating a district's adjusted ADM under
27 AS 14.17.410(b)(1), the district cost factor for a school district is (1) for the fiscal year
28 ending June 30, 2009, the factor set out under column (A) of this subsection, (2) for
29 the fiscal year ending June 30, 2010, the factor set out under column (B) of this
30 subsection, (3) for the fiscal year ending June 30, 2011, the factor set out under
31 column (C) of this subsection, (4) for the fiscal year ending June 30, 2012, the factor

set out under column (D) of this subsection, and (5) for fiscal years ending on or after June 30, 2013, the factor set out under column (E) of this subsection:

DISTRICT COST FACTOR

DISTRICT	(A)	(B)	(C)	(D)	(E)
Alaska Gateway	1.443	1.481	1.519	1.557	1.594
Aleutians East	1.707	1.778	1.849	1.920	1.991
Aleutians Region	1.838	1.864	1.890	1.916	1.939
Anchorage	1.000	1.000	1.000	1.000	1.000
Annette Island	1.175	1.216	1.257	1.298	1.338
Bering Strait	1.762	1.821	1.880	1.939	1.998
Bristol Bay	1.370	1.397	1.424	1.451	1.478
Chatham	1.348	1.405	1.462	1.519	1.576
Chugach	1.395	1.420	1.445	1.470	1.496
Copper River	1.246	1.264	1.282	1.300	1.316
Cordova	1.165	1.182	1.199	1.216	1.234
Craig	1.108	1.133	1.158	1.183	1.206
Delta/Greely	1.174	1.191	1.208	1.225	1.241
Denali	1.323	1.326	1.329	1.332	1.332
Dillingham	1.300	1.312	1.324	1.336	1.346
Fairbanks	1.055	1.059	1.063	1.067	1.070
Galena	1.370	1.376	1.382	1.388	1.391
Haines	1.104	1.128	1.152	1.176	1.200
Hoonah	1.227	1.270	1.313	1.356	1.399
Hydaburg	1.295	1.348	1.401	1.454	1.504
Iditarod	1.658	1.705	1.752	1.799	1.846
Juneau	1.075	1.093	1.111	1.129	1.145
Kake	1.242	1.296	1.350	1.404	1.459
Kashunamiut	1.504	1.533	1.562	1.591	1.619
Kenai Peninsula	1.088	1.109	1.130	1.151	1.171
Ketchikan	1.085	1.106	1.127	1.148	1.170
Klawock	1.160	1.196	1.232	1.268	1.302

1	Kodiak Island	1.191	1.216	1.241	1.266	1.289
2	Kuspuk	1.584	1.622	1.660	1.698	1.734
3	Lake and Peninsula	1.776	1.831	1.886	1.941	1.994
4	Lower Kuskokwim	1.577	1.599	1.621	1.643	1.663
5	Lower Yukon	1.650	1.703	1.756	1.809	1.861
6	Matanuska-Susitna	1.040	1.048	1.056	1.064	1.070
7	Mt. Edgecumbe	1.098	1.123	1.148	1.173	1.195
8	Nenana	1.304	1.313	1.322	1.331	1.338
9	Nome	1.385	1.402	1.419	1.436	1.450
10	North Slope	1.648	1.684	1.720	1.756	1.791
11	Northwest Arctic	1.686	1.720	1.754	1.788	1.823
12	Pelican	1.384	1.408	1.432	1.456	1.477
13	Petersburg	1.122	1.153	1.184	1.215	1.244
14	Pribilof	1.555	1.589	1.623	1.657	1.691
15	Sitka	1.098	1.123	1.148	1.173	1.195
16	Skagway	1.159	1.163	1.167	1.171	1.174
17	Southeast Island	1.264	1.299	1.334	1.369	1.403
18	Southwest Region	1.554	1.587	1.620	1.653	1.685
19	St. Mary's	1.488	1.522	1.556	1.590	1.624
20	Tanana	1.641	1.677	1.713	1.749	1.786
21	Unalaska	1.343	1.368	1.393	1.418	1.441
22	Valdez	1.133	1.143	1.153	1.163	1.170
23	Wrangell	1.080	1.100	1.120	1.140	1.159
24	Yakutat	1.229	1.275	1.321	1.367	1.412
25	Yukon Flats	1.892	1.948	2.004	2.060	2.116
26	Yukon/Koyukuk	1.669	1.711	1.753	1.795	1.835
27	Yupiit	1.596	1.628	1.660	1.692	1.723.

* **Sec. 6.** AS 14.17.470 is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is \$5,480

[\$5,380].

* **Sec. 7.** AS 14.17.470, as amended by sec. 6 of this Act, is amended to read:

1 **Sec. 14.17.470. Base student allocation.** The base student allocation is \$5,580
2 [\$5,480].

3 * **Sec. 8.** AS 14.17.470, as amended by secs. 6 and 7 of this Act, is amended to read:

4 **Sec. 14.17.470. Base student allocation.** The base student allocation is \$5,680
5 [\$5,580].

6 * **Sec. 9.** Sections 1, 2, 5, and 6 of this Act take effect July 1, 2008.

7 * **Sec. 10.** Sections 3 and 7 of this Act take effect July 1, 2009.

8 * **Sec. 11.** Sections 4 and 8 of this Act take effect July 1, 2010.

25-LS1056/A
Mischel
8/28/07

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Introduced:
Referred:

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to a report to the legislature on teacher preparation, retention, and**
2 **recruitment by the Board of Regents of the University of Alaska."**

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

4 *** Section 1.** AS 14.40.190 is amended by adding a new subsection to read:

5 (b) In addition to the report required under (a) of this section, the Board of
6 Regents shall prepare and present an annual report to the legislature entitled "Alaska's
7 University for Alaska's Schools" that describes the efforts of the university to attract,
8 train, and retain qualified public school teachers. The report must include an outline of
9 the university's past, current, and future plans to close the gap between known teacher
10 employment vacancies in the state and the number of state residents who complete
11 teacher training. The information reported under this subsection must also include
12 short-term and five-year strategies with accompanying budgets.

13 *** Sec. 2.** AS 14.40.250 is amended to read:

14 **Sec. 14.40.250. Regents to act as trustees and administer money or**

1 **property.** The Board of Regents may receive, manage, and invest money or other real,
2 personal, or mixed property for the purpose of the University of Alaska, its
3 improvement or adornment, or the aid or advantage of students or faculty, and, in
4 general, may act as trustee on behalf of the University of Alaska for any of these
5 purposes. The regents shall prepare a written report, in accordance with
6 AS 14.40.190(a) [AS 14.40.190], as to the administration and disposition of money
7 received under this section.

8 * **Sec. 3.** AS 37.25.010(d) is amended to read:

9 (d) The University of Alaska shall, in the report required under
10 AS 14.40.190(a) [AS 14.40.190], report the amount of university receipts received in
11 one year and expended in the succeeding fiscal year.

Draft Resolutions

25-LS1041\A

Cook

8/15/07

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE ROSES**Introduced:****Referred:****A RESOLUTION**

1 **Proposing an amendment to the Uniform Rules of the Alaska State Legislature relating**
2 **to standing committees.**

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

4 * **Section 1.** Rule 20(a), Uniform Rules of the Alaska State Legislature, is amended to read:

5 (a) Each house has the following standing committees with the jurisdiction
6 indicated:

7 **Education (the programs and activities of the Department of Education**
8 **and Early Development and of the University of Alaska)**

9 Finance (all appropriation, revenue, capital improvement, and bonding
10 measures, the executive budget, and the programs and activities of the Department of
11 Revenue)

12 Health [, EDUCATION] and Social Services (the programs and activities of
13 the Department of Health and Social Services [, THE DEPARTMENT OF
14 EDUCATION AND EARLY DEVELOPMENT, AND THE UNIVERSITY OF
15 ALASKA])

16 Judiciary (the programs and activities of the Alaska Court System and the

1 Department of Law, and the legal and substantive review of bills referred to it for that
2 purpose)

3 Labor and Commerce (the programs and activities of the Department of Labor
4 and Workforce Development relating to labor-management relations, industrial safety,
5 unemployment compensation, and workers' compensation and the programs and
6 activities of the Department of Commerce, Community, and Economic Development
7 that do not primarily relate to local government or to government services or functions
8 in the unorganized borough)

9 Community and Regional Affairs (the programs and activities of the
10 Department of Commerce, Community, and Economic Development that primarily
11 relate to local government and government services or functions in the unorganized
12 borough, and other matters relating to political subdivisions)

13 Resources (the programs and activities of the Departments of Fish and Game,
14 Natural Resources, and Environmental Conservation)

15 Rules (interpretation of the Uniform Rules, calendar, the internal
16 administration of the house and matters pertaining to the management of the
17 legislature as a whole)

18 State Affairs (programs and activities of the Office of the Governor and the
19 Departments of Administration, Military and Veterans' Affairs, Corrections, and
20 Public Safety, and programs and activities of the Department of Transportation and
21 Public Facilities relating to public facilities)

22 Transportation (programs and activities of the Department of Transportation
23 and Public Facilities relating to transportation and other legislative matters relating to
24 transportation).

25 * **Sec. 2.** The amendment proposed by this resolution takes effect immediately.

25-LS1076A
Mischel
8/29/07

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE HAWKER BY REQUEST OF THE JOINT LEGISLATIVE EDUCATION
FUNDING TASK FORCE**

**Introduced:
Referred:**

A RESOLUTION

1 **Establishing and relating to the Education Funding District Cost Factor Commission.**

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

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

5 **WHEREAS** the cost of providing adequate public education for children living in the
6 state varies significantly among geographic areas of the state; and

7 **WHEREAS** accurately measuring relative cost differences is integral to equitable
8 funding for education across geographic areas; and

9 **WHEREAS** the cost differentials have been a recurring policy issue since the current
10 funding formula was adopted in 1998; and

11 **WHEREAS** the findings of economic analyses conducted in 2002 and 2004 have
12 raised questions and controversy within the Alaska State Legislature; and

13 **WHEREAS** previous determinations of cost differentials have been static and,
14 consequently, have become outdated;

15 **BE IT RESOLVED** by the Alaska State Legislature that the Education Funding
16 District Cost Factor Commission is established for the purpose of examining school district

1 cost differentials and creating a valid and durable model that can be updated to accurately
2 reflect the costs of providing education; and be it

3 **FURTHER RESOLVED** that the commission consists of 11 members as follows:

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

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

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

8 **FURTHER RESOLVED** that the president of the senate and the speaker of the house
9 of representatives shall jointly appoint the chair and vice-chair of the commission; and be it

10 **FURTHER RESOLVED** that a commission member is subject to reappointment or
11 replacement if either the president of the senate or speaker of the house of representatives is
12 replaced and the member was appointed by the former president or speaker; a member may
13 continue to serve even if the member is no longer a state legislator; and be it

14 **FURTHER RESOLVED** that the commission shall submit a report of its findings
15 and proposed legislative changes to the governor and the legislature by September 30, 2009,
16 and may make any additional reports it considers advisable; and be it

17 **FURTHER RESOLVED** that the Education Funding District Cost Factor
18 Commission is terminated on December 31, 2010.

25-LS1060\C
Mischel
8/24/07

SENATE JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Introduced:

Referred:

A RESOLUTION

1 **Urging the President of the United States and the United States Congress to fulfill the**
2 **federal obligation to provide adequate funding for special education in public schools.**

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

4 **WHEREAS** the Constitution of the State of Alaska and other laws and policies of the
5 state require educational opportunities for all children, including children with disabilities;
6 and

7 **WHEREAS** enactment of the Individuals with Disabilities Education Act by the
8 United States Congress transferred from the states to the federal government decisions
9 pertaining to the provision of education and related services to students with disabilities; and

10 **WHEREAS** the Individuals with Disabilities Education Act requires the provision of
11 a "free appropriate public education" for students with disabilities; and

12 **WHEREAS** the Individuals with Disabilities Education Act authorized the federal
13 appropriation of a sum equal to 40 percent of the average per-pupil expenditure for general
14 education students under 34 C.F.R. 300.701(a)(1); and

15 **WHEREAS** the Unfunded Mandates Reform Act of 1995 (P.L. 104-4, March 22,
16 1995) provides that "the federal government should not shift certain costs to the States, and

1 States should end the practice of shifting costs to local governments"; and

2 **WHEREAS**, according to recent estimates, Alaska received approximately 16 percent
3 of the total cost of providing a free appropriate public education for students with disabilities
4 from the Congress for Part B services under the Individuals with Disabilities Education Act;
5 and

6 **WHEREAS** the lack of adequate federal funding for students with disabilities has
7 forced states and local school districts to make up the difference through payments made for
8 other critical education programs; and

9 **WHEREAS** the lack of adequate federal funding for federally mandated services
10 under the Individuals with Disabilities Education Act places a tremendous strain on all Alaska
11 public school districts and on the ability of the districts to provide quality education for all
12 students; and

13 **WHEREAS** Alaska shares with every other state a chronic shortage of qualified
14 special education teachers; and

15 **WHEREAS** teacher preparation programs would benefit from full federal funding of
16 the Individuals with Disabilities Education Act by attracting prospective applicants interested
17 in a career of teaching special education; and

18 **WHEREAS** the underfunding of special education programs affects the depth of
19 services provided to students with disabilities; and

20 **WHEREAS**, despite significant strides made in increasing and enhancing public
21 education for students with disabilities, many of those students still do not receive the services
22 and assistance they need to succeed in public schools; and

23 **WHEREAS** the federal No Child Left Behind Act requires that 100 percent of
24 students with disabilities attain proficiency in meeting state education standards by the end of
25 the 2013 - 2014 school year; and

26 **WHEREAS** improvement in the rate of proficiency of students in meeting state
27 education standards is a primary indicator of school success under the No Child Left Behind
28 Act, creating the need for public school districts to provide greater access to and progress in
29 the general curriculum for students with disabilities; and

30 **WHEREAS** the task of meeting the rising costs associated with attaining proficiency
31 in the general curriculum for students with disabilities requires a strong partnership between

1 local, state, and federal government agencies;

2 **BE IT RESOLVED** that the Alaska State Legislature strongly urges the President of
3 the United States and the United States Congress to fulfill their obligation to provide adequate
4 funding of educational services for students with disabilities by providing 40 percent of the
5 average per-pupil expenditure for general education students in Alaska as authorized in the
6 Individuals with Disabilities Education Act.

7 **COPIES** of this resolution shall be sent to the Honorable George W. Bush, President
8 of the United States; the Honorable Richard B. Cheney, Vice-President of the United States
9 and President of the U.S. Senate; the Honorable Nancy Pelosi, Speaker of the U.S. House of
10 Representatives; the Honorable Margaret Spellings, United States Secretary of Education; and
11 the Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the
12 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Fiscal Note

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

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

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

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

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

Estimate of any current year (FY2008) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2009 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would set the district cost factors in FY09 at 50% of the ISER increase over the original cost factors and implement the remaining 50% over the next 4 years; offers 9x the Base Student Allocation (BSA) for intensives plus it will increase it to 11x the BSA in FY10 and 13x the BSA in FY11; provide a hold harmless provision for those districts whose School Site adjusted ADM has decreased by more than 5% over the prior year; and increase the BSA by \$00 for FY09 to \$,480, FY10 to \$,580, & FY11 to \$,680.

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

The GF capitalizes on the Public Education Fund (PEF)

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

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

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

School Districts	1/4 increase of remaining 50% ISER	BSA increase by \$100 to \$5,680	Intensive Multiplier from x11 to x13	YEAR 3 FY2011 funding
ALASKA GATEWAY	160,102	125,217	66,960	352,279
ALEUTIAN REGION	20,761	26,944	-	47,705
ALEUTIANS EAST BOROUGH	216,397	100,729	-	317,126
ANCHORAGE	0	7,221,643	7,588,800	14,810,443
ANNETTE ISLAND	127,029	74,784	44,640	246,453
BERING STRAIT	1,087,526	641,356	189,720	1,918,602
BRISTOL BAY BOROUGH	50,979	52,121	33,480	136,580
CHATHAM	132,961	65,001	33,480	231,442
CHUGACH	25,350	36,973	-	62,323
COPPER RIVER	100,336	144,524	111,600	356,460
CORDOVA CITY	63,347	87,576	66,960	217,883
CRAIG CITY	81,869	113,793	111,600	307,262
DELTA/GREELY	128,372	209,853	89,280	427,505
DENALI BOROUGH	7,724	89,041	33,480	130,245
DILLINGHAM CITY	55,736	120,402	89,280	265,418
FAIRBANKS NORTH STAR BOROUGH	429,102	2,401,026	2,923,920	5,754,048
GALENA CITY	13,767	329,880	11,160	354,807
HAINES BOROUGH	72,133	69,612	55,800	197,545
HOONAH CITY	67,376	41,931	44,640	153,947
HYDABURG CITY	43,703	21,953	11,160	76,816
IDITAROD AREA	156,409	112,172	-	268,581
JUNEAU BOROUGH	659,320	923,058	1,618,200	3,200,578
KAKE CITY	55,176	29,834	44,640	129,650
KASHUNAMIUT	95,412	97,083	44,640	237,135
KENAI PENINSULA BOROUGH	1,504,205	1,622,898	926,280	4,053,383
KETCHIKAN GATEWAY BOROUGH	386,628	407,079	279,000	1,072,707
KLAWOCK CITY	53,945	36,920	33,480	124,345
KODIAK ISLAND BOROUGH	523,226	503,849	279,000	1,306,075
KUSPUK	185,508	144,818	-	330,326
LAKE AND PENINSULA BOROUGH	285,229	177,387	22,320	484,936
LOWER KUSKOKWIM	864,134	1,217,148	680,760	2,762,042
LOWER YUKON	1,101,348	668,998	145,080	1,915,426
MATANUSKA-SUSITNA BOROUGH	885,510	2,348,684	1,395,000	4,629,194
NENANA CITY	19,753	86,825	33,480	140,058
NOME CITY	110,185	170,014	44,640	324,839
NORTH SLOPE BOROUGH	544,547	476,639	100,440	1,121,626
NORTHWEST ARCTIC BOROUGH	655,180	627,385	200,880	1,483,445
PELICAN CITY	6,379	6,805	-	13,184
PETERSBURG CITY	164,074	126,328	122,760	413,162
PRIBILOF	50,978	43,453	-	94,431
SAINT MARY'S	62,116	52,086	11,160	125,362
SITKA BOROUGH	288,586	286,526	401,760	976,872
SKAGWAY CITY	4,030	22,061	11,160	37,251
SOUTHEAST ISLAND	96,811	72,586	55,800	225,197
SOUTHWEST REGION	248,966	226,268	66,960	542,194
TANANA	19,641	16,678	-	36,319
UNALASKA CITY	95,020	97,179	22,320	214,519
VALDEZ CITY	64,354	146,900	122,760	334,014
WRANGELL PUBLIC	67,263	68,634	11,160	147,057
YAKUTAT	54,728	28,084	-	82,812
YUKON FLATS	185,899	125,348	55,800	367,047
YUKON/KOYUKUK	182,263	235,735	66,960	484,958
YUPIIT	158,870	152,524	44,640	356,034
Mt. Edgecumbe	82,261	67,502	-	149,763
TOTAL	12,802,524	23,399,847	18,347,040	54,549,411

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

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

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

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

Individual Member Editorial Comments

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

ALASKA STATE LEGISLATURE

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SENATOR BERT K. STEDMAN

August 28, 2007

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

Representative Hawker:

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

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

District Cost Factors

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

DISTRICT A

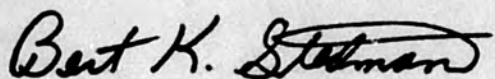
Ketchikan • Sitka • Petersburg • Wrangell
Pelican • Elfin Cove • Port Alexander • Saxman • Meyers Chuck • Thorne Bay • Coffman Cove • Hollis

Require Local Contribution

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

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

Best Regards,

A handwritten signature in black ink, reading "Bert K. Stedman". The signature is written in a cursive, flowing style with a prominent loop at the end of the last name.

Bert K Stedman

Senate Labor and Commerce
Committee, Chair

Legislative Budget and Audit
Committee

Senate Rules Committee

Committee on Committees

ALASKA STATE LEGISLATURE



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SENATOR JOHNNY ELLIS

August 22, 2007

Education Task Force Comments

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

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

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

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

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

Sincerely,

Sen. Johnny Ellis

ALASKA STATE LEGISLATURE

Senate Labor and Commerce
Committee, Chair

•
Legislative Budget and Audit
Committee

•
Senate Rules Committee

•
Committee on Committees



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SENATOR JOHNNY ELLIS

August 22, 2007

Education Task Force Comments

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

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

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

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

Sincerely,

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

Sen. Johnny Ellis

Alaska State Legislature

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Member

House Finance Committee
Legislative Budget & Audit

Representative Mike Kelly

House District 7

Joint Legislative Education Task Force

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

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

District Cost Factors

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

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

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

Intensive Needs Funding

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

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REPRESENTATIVE Paul Seaton

District 35

August 14, 2007

Education Task Force Comments

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

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

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

GARY WILKEN
SENATOR
Fairbanks



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By Gary Wilken
August 30, 2007

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A Dissenting Opinion An Open Letter of Concern

August 30, 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

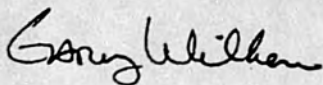
In summary, the Moore vs. State of Alaska decision of June 21, 2007 by Superior Court Judge Sharon Gleason determined that the funding for Alaska's K-12 public education was adequate and that "the current formula was carefully considered and represents a rational approach to educational funding." (page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

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

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

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

Thank you for your careful and thoughtful consideration and courage.

A handwritten signature in cursive script, appearing to read "Gary Wilken".

Gary Wilken,
State Senator
Fairbanks/Ft. Wainwright.

June 2, 2007

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

By Dermot Cole

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I'll have more on this Sunday.

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