

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

2394 SHESS HB 251 (FILE 1, -2) 211

# ALASKA STATE SENATE

JOE P. JOSEPHSON  
DISTRICT G - ANCHORAGE  
1526 F STREET  
ANCHORAGE, ALASKA 99501  
(907) 277-4419



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99801  
(907) 465-4907  
(907) 465-4525

COMMITTEES  
HEALTH, EDUCATION & SOCIAL SERVICES (CHAIR)  
JUDICIARY (VICE CHAIR)  
FINANCE  
MAJORITY CAUCUS (CHAIR)

May 3, 1983

Lee R. Page  
P. O. Box 100518  
Anchorage, Alaska 99510

Dear Friend:

Thank you for your postcard. I support the Foundation Funding. I also support funding of the foundation program at the 100% level, although I am clearly in the minority in this legislature. We have been successful, in the Senate, in procuring millions of dollars for school repairs and improvements in the Anchorage district. My amendments to one bill alone have equaled almost \$13 million. As you noted in your card, we were also successful in obtaining the supplemental appropriation for the current school year.

You can be sure that I will continue to be a spokesperson for action which will enable Alaska to meet its constitutional responsibilities to support public education.

With best wishes, I am

Sincerely,

A handwritten signature in cursive script that reads "Joe P. Josephson".

Joe P. Josephson  
Senator

JPJ/tl



# Alaska State Legislature

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 3, 1983

Darroll R. Hargraves  
Superintendent of Schools  
Ketchikan Gateway Borough School District  
Pouch Z  
Ketchikan, Alaska 99901

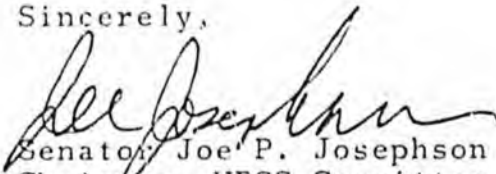
Dear Dr. Hargraves:

Again I wish to thank you for your testimony before the Senate Committee on Health, Education and Social Services. As you know, I share your concerns about HB 251. I do not believe that school districts in fast growing population areas should be penalized as the House bill would penalize them. I do not see any advantage in moving very far from the existing foundation formula--except insofar as the "junior high school" amendment would cure one of the existing abuses--without a study showing the direction which new legislation should take.

Your March 25 letter is acknowledged with my thanks. You can be sure that I will continue to be a supporter of the foundation formula at the maximum responsible funding level.

With best wishes, I am

Sincerely,

  
Senator Joe P. Josephson  
Chairman, HESS Committee

JPJ/tt



# Alaska State Legislature

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 4, 1983

Harry E. Purdy  
Superintendent  
Galena City School District  
Galena, Alaska 99741

Dear Harry:

Your letter of April 15 is greatly appreciated.

I am enclosing a copy of the letter I wrote to Sidney Huntington concerning full funding of the foundation program. I hope that it answers your concerns and also any questions that you may have.

If I can be of further assistance, please let me know.

With best wishes, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe P. Josephson".

Joe P. Josephson  
Senator

JPJ/tl

Enclosure



## KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Darroll Hargraves  
SUPERINTENDENT

March 25, 1983

The Honorable Joe Josephson  
Senate HESS Committee  
State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Senator Josephson:

The Ketchikan Gateway Borough School Board has unanimously approved a resolution to support full funding of the foundation formula for FY-84.

It has been rather difficult to determine the specific reasons why H.B. 250, better known as the Tischer Bill, has moved so rapidly through the House. This bill, which would freeze the funding for public schools on an Average Daily Membership basis could result in serious ramifications for many school districts. It appears that a good many first class city and borough school districts in the State will require huge increases from the local municipalities in order to just carry forward maintenance level budgets.

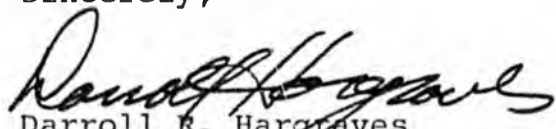
One of the things to remember is that a one (1%) percent cut or the withholding of a one percent amount from the State foundation program requires from three to five percentage point increase in the local contribution. It is ironic that at a time when the State has been attempting to return monies to municipalities through revenue sharing programs, that school districts would be short funded. The school district, by constitutional mandate, is a primary responsibility of the State. It would seem that full funding of the foundation formula would be the most logical and best way to provide revenue sharing to municipalities. There are many reasons for supporting full funding of the foundation formula. I suppose you will be hearing many of them as you continue with deliberations on public school funding for FY-84.

There isn't anyone I know of in the State who isn't saying there needs to be a study of the foundation formula. But on the other hand, to do away with the foundation formula does away with the one vehicle in State law which allows the State to track the monies paid to local school districts. The foundation formula has a weighting in it for special education services, vocational education, etc. The formula needs an overhaul. However, the best way to overhaul it might be to keep it in existence and work with the various components in it rather than to completely throw it out and try to create something new.

Some of the best school finance people in the State of Alaska would tell you that the need for a \$500,000 study is very questionable. I am sure that it would be a significant contract for consultants.

Your support of full funding of public schools in the State of Alaska for FY-84 would be a better position for you in meeting your obligations to lead the State in responding to its constitutional mandate to provide public school education for every student in Alaska.

Sincerely,

  
Darroll R. Hargraves  
Superintendent of Schools

DRH:slh



## GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741  
PHONE (907) 656-1205

SUPERINTENDENT'S  
OFFICE

RECEIVED

APR 19 1983

Josephson,

April 15, 1983

Senator Joe Josephson  
State Capitol  
Pouch V  
Interdepartmental Mail Stop: 3100  
Juneau, Alaska 99811

Dear Senator Josephson:

We understand very well that State revenues are declining and the State's budget must also be reduced. It is also recognized that the school foundation funding status has never reflected the cost of basic education in most of the State and especially bush Alaska.

The Galena City School District, Board of Education has put a great deal of effort into the development of quality education for the students of Galena. Those efforts are beginning to pay off. For example, departmentalization of the 3-6 grades was instituted last August. We have a trained reading teacher, a math teacher and an English teacher teaching these subjects to each grade making it possible for students to learn more in a consistent way. We have a kindergarten program designed to strengthen student weaknesses like motor skills and perception.

The Board has been developing long range plans for staffing curriculum and facilities. Additionally, the Board has held two worksessions this year to develop goals for reaching and surpassing the national norms in reading, math and language arts.

The District has hired well trained staff with higher degrees and more teaching experience, which has brought better teachers to Galena and they have stayed longer. As an example, the District currently has four tenured teachers which is three more than three years ago. When the 1983-84 school year starts there will be nine tenured teachers, seven second year Galena teachers and three first year Galena teachers. The above is important because teacher continuity is one of the variables affecting quality education.

Senator Josephson this District cannot continue to develop and improve the quality of education without adequate funding, which includes retaining Junior high funding.

Since the District's FY-84 budget had to be completed prior to knowing the amount of State funding, it was necessary for the Board to set up a method for reducing its' budget to equal the current years funding.

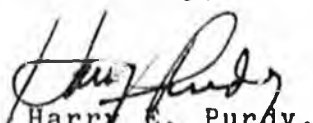
The FY-84 budget, because of salary raises tied into teacher contracts, has been reduced in a number of areas directly related to student services. For example, teaching supplies have been cut from \$39,400 to \$6,700 and other instructional media from \$10,648 to \$1,500 to name a couple of areas. All areas have been either reduced or cut out completely according to the Board's 16 point reducing and cutting plan.

The Board for the last three years and will, as it now appears, fund reoccurring costs with non-reoccurring funds. Thus, without adequate funding the Board will be forced to jeopardize the improvements made and severely effect its ability to continue its' development toward quality and effective education for the students of Galena.

We would recommend to your support full funding of the current State statute (\$448,000,000) under the current foundation formula and that the foundation study be completed as quickly as possible and that the State Legislature enact statutes that are phased in rather than one day, it's this way and the next day the rules are new. This would make it possible for all districts to adjust to those new statutes.

We thank you for your time and interest in education.

Sincerely,

  
Harry C. Purdy,  
Superintendent

HEP/elb



# Alaska State Legislature

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

May 2, 1983

TO: Senator Bob Mulcahy  
Capitol, Room 512/514

FROM: Senator Joe Josephson  
Capitol, Room 508

I thought you might be interested in seeing the enclosed letter from Electa O'Rourke Strub, one of your constituents, and a copy of my response.

JPJ/tl

Enclosure



# Alaska State Legislature

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 4, 1983

Dr. Electa O'Rourke Strub  
Cold Bay School  
Cold Bay, Alaska

Dear Dr. Strub:

I acknowledge with thanks your letter of March 1, offering to provide facts concerning the expenditure of school funds for purposes other than instructional school materials.

I would welcome any insight or assistance that you can give as a teacher. We in the legislature want to provide fully adequate school foundation support, but we also are on the lookout for ways in which waste and fraud can be eliminated. Your recommendations or examples of misallocation of funds can be very helpful to us. Thank you for doing as you did.

Sincerely,

  
Joe P. Josephson  
Senator

JPJ/tl



# Alaska State Legislature

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 4, 1983

Sidney Huntington  
Secretary  
Galena Board of Education  
Galena, Alaska 99741

Dear Sidney:

Thanks for your letter of April 18, urging full funding of the foundation program.

The Committee on Health, Education and Social Services, which I chair, has endorsed full funding. But the realities in the legislature are that full funding will not be achievable in 1984. The Governor does not support full funding, and most legislators believe that school districts should utilize more local resources when they are available.

One of the steps I am taking is to try to assure the maximum funds for school construction under the debt service funding formula. We have included additional debt service retirement funds in Senate Bill 158, reported out of the HESS Committee and currently before the Senate Finance Committee. We are trying to include the total debt service amount allowable by statute for existing construction obligations.

Before final Senate Finance Committee action, I'll take another look at the junior high school issue which you raise. I want to be sure that the Senate acts equitably, while it begins to address abuses.

With best wishes, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe P. Josephson".

Joe P. Josephson  
Senator

JPJ/tl

cc: Harry E. Purdy, Superintendent  
Galena City School District



# COLD BAY SCHOOL, COLD BAY, ALASKA

March 1, 1983

Senator Joe Josephson  
Pouch V  
Juneau, AK 99811

Dear Senator;

As a teacher I am very much concerned about the manner in which the taxpayers' money is being allocated for purposes other than instructional materials for students. Because I am a teacher in the bush, actually I am the head-teacher, I feel qualified to furnish you and your committee with pertinent facts regarding expenditures of funds. I should like to be of assistance in this matter.

*Handwritten notes:*  
None  
see file  
see tape

Sincerely yours,  
*Electa O'Rourke Strub*

Dr. Electa O'Rourke Strub

# GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741  
PHONE (907) 656-1205

SUPERINTENDENT'S  
OFFICE



April 18, 1933

Senator Joe Josephson  
State Capitol  
Pouch V  
(Interdepartmental Mail Stop: 3100)  
Juneau, Alaska 99811

Dear Senator Josephson:

I have served on the Galena School Board continually since January 1, 1964 this includes the days when BIA Schools were here in Galena.

This School Board has made an all out effort to improve the conditions in the last twenty years.

We were the first independent school district formed after Alaska became a state. The long term district goals were a better school facility with a cleaner and healthier environment for our students along with a higher quality education when students have graduated from high school. Thus, they are able to meet the standards set by any college which the student may desire to attend.

We here at Galena are asking you and ourselves - should we send our kids on to college only partly educated - only to drop out because of a lack or a failure on our part to get that extra that is really needed.

We have made good improvements already. The Board has authorized the departmentalization of the 3-6 grades which was implemented last August. There is a trained reading teacher, a math teacher and an English teacher teaching these subjects to each grade, 3-6 making it possible for students to learn more in a consistent way. We also have initiated a kindergarten program designed to strengthen students weakness.

We are developing long range plans for staffing, curriculum and facilities as well as developing three year goals for reaching and surpassing the national norms in reading, math and language arts.

We need more improvement for better quality education in order that our students can meet the future.

You of the Legislature, both the Senate and the House hold the key to our success, whether we achieve our goals or not. Money for education used right and applied correct and in proper form and attitude can and will be very rewarding to everyone.

Our students are our future resource, to let them down, lets Alaska down.

It's too bad some school districts use the money they get improperly and not always for education as it hurts the rest of the school districts all over the state of Alaska. Poor management hurts all.

We ask you to support full funding according to state statutes in the amount of \$448,000,000 and that the foundation study be completed and statutes as well as regulations be implemented as quickly as possible. That the Jr. High funding be left intact until the study is completed. Finally, the new funding statutes and regulations be phased in over a three or four year period, thus allowing districts to make adjustments.

It would be sad to think we would have to draw back on botter education because of not having enough funding.

Thank you fo: your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sidney Huntington".

Sidney Huntington, Secretary  
Galena Board of Education

SH/elb

# TELEGRAM

ALASCOM, INC.  
PHONE: 886-6442  
JUNEAU, AK 99802

#

02193 NL TDA SKAGWAY ALASKA 50 03-22 1640 AST

1983 MAR 22 PM 11 04

PMS SEN JOE JOSEPHSON

JUNEAU AK **1383**

AS AN ALASKAN TEACHER I AM OPPOSED TO SB176. THE CHANGES  
THIS BILL WOULD MAKE IN THE FOUNDATION FUNDING PROGRAM  
WOULD HAVE A NEGATIVE IMPACT IN MANY PARTS OF ALASKA. I  
URGE YOU TO RETAIN THE CURRENT FUNDING FORMULA AND TO FUND  
THE PROGRAM FULLY.

SUSAN BAYER

SKAGWAY ALASKA

**RECEIVED**

**MAR 28 1983**

Josephson,

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

**RECEIVED**

**MAR 28 1983**

03 MAR 22 PM 11 18  
~~JUNEAU, AK~~

#

02206 NL TDA SKAGWAY ALASKA 50 03-22 1640 AST

PMS SEN JOE JOSEPHSON

JUNEAU AK **1396**

AS AN ALASKAN CONCERNED ABOUT EDUCATION I AM OPPOSED TO  
SBI76. THE CHANGES THIS BILL WOULD MAKE IN THE FOUNDATION  
FUNDING FORMULA WOULD HAVE A NEGATIVE IMPACT IN MANY PARTS OF  
ALASKA. I URGE YOU TO RETAIN THE CURRENT FUNDING FORMULA AND  
FUND THE PROGRAM FULLY.

MARTHA MOORE

SKAGWAY, ALASKA

# TELEGRAM

ALASCOM, INC.

PHONE: 866-6442

WILSON AK 99502

1983 MAR 23 AM 4

RECEIVED

MAR 28 1983

#  
J

02191 NL TDA SKAGWAY ALASKA 50 03-22 1640 AST

PMS JOE JOSEPHSON

1428

Josephson,

JUNEAU AK

AS AN ALASKAN CONCERNED ABOUT EDUCATION I AM OPPOSED TO SB176.  
THE CHANGES THIS BILL WOULD MAKE IN THE FOUNDATION FUNDING  
FORMULA WOULD HAVE A NEGATIVE IMPACT IN MANY PARTS OF ALASKA.  
I URGE YOU TO RETAIN THE CURRENT FUNDING FORMULA AND FUND  
THE PROGRAM FULLY.

CONNIE ERSKINE

SKAGWAY ALASKA

BOX NO. 53 3/7/83

TO: ALL LEGISLATORS

FR: CURT OSTREM, BOX 56642, N. POLE, 99705 PH. -----

MSG: FULLFILL YOUR OBLIGATION TO UPHOLD THE U.S. & STATE CONSTITUTION  
AND FUND THE SCHOOL SYSTEM 100 PER CENT. THEREBY HAVING EQUAL TREATMENT  
TO ALL ALASKANS, WHETHER THEY LIVE IN AN ORGANIZED MUNICIPALITY OR  
UNORGANIZED BOROUGH. THANK YOU.

**RECEIVED**

-----EOM

*Foundation Funding*

MAR 08 1983

Josephson,

MSG 83-00013469 PRTY 1 03/07/83 19:00:08 ORIG: LA03 IN= 0013 OUT= 0121  
FROM: JUNE, ANC LID TO: POM, JUNEAU INFO  
TARGET: LJHL SUBJ: POM

NO 33-00002648 PRTY 1 03/22/83 12:01 25 ORIG: LFO1 IN= 0009 OUT= 0146  
FROM ANNIE IN FAIRBANKS TO JUNEAU INFO.  
TARGET: LUHL SUBJ: FOM

---

TO: REPRESENTATIVE ADAMS AND SENATOR JOSEPHSON  
REPRESENTATIVE M.W. MILLER

FROM DIANE MESSER, S.R. 50920, FAIRBANKS 99701 HOME 488-3890

RE: FOUNDATION FUNDING

THE FOUNDATION FORMULA SERVES AS THE LEGAL BASIS UPON WHICH TO FUND OUR  
SCHOOLS. TO MERELY FUND THE UNIT IS EFFECTIVELY A CUT AS IT DOES NOT  
TAKE INFLATION INTO ACCOUNT. SOME SCHOOL DISTRICTS AND LOCAL GOVERNMENTS  
SHOULD THEY CHOOSE TO AMELIORATE THE CUT WILL BE VERY HARD PRESSED TO RUN  
THE QUALITY SCHOOLS FOR WHICH ALASKA HAS BECOME WELL KNOWN.

FOM\*\*\*\*\*



FROM: KIRK ZINCK, 1600 WASHINGTON DRIVE N, FAIRBANKS 99701 HOME 479-5446  
WORK 408-2271

I URGE SUPPORT OF FULL FUNDING OF THE FOUNDATION FORMULA FOR EDUCATION. THIS IS PREFERABLE TO THE AVERAGE DAILY MEMBERSHIP PROPOSAL.

EQ1\*\*\*\*\*

**RECEIVED**

APR 05 1983

Josephson

3/24/83, SHIRLEE AND CIO, 3091

TO: ALL MEMBERS, ALASKA LEGISLATURE

FROM: JAMES JEFFREY, SRA BOX 431J, ANCHORAGE 99507 345-1959

RECEIVED

MAR 24 1983

I AM ANXIOUS THAT YOU CONTINUE SUPPORT FOR FULL SCHOOL FOUNDATION FUNDING. THANK YOU.

Josephson,

\*\*\*\*\*

MSG 83-00002900 PRTY 1 03/23/83 14:45:05 ORIG: LJ04 IN= 0022 OUT= 0090  
FROM: SUE TO: JUNEAU  
TARGET: LJHL SUBJ: POM

TO: REP. ADAMS, MM MILLER AND SEN. JOSEPHSON

FROM: BETTY MARRIOTT  
BOX 545  
DOUGLAS, ALASKA 99824  
364-3163

PLEASE SUPPORT FULL FOUNDATION FUNDING FOR EDUCATION.

EOM

RECEIVED

MAR 24 1983

Josephson

Foundation

#

02421 POM TDA FAIRBANKS ALASKA 15 04-07 0900P AST

PMS SENATOR JOE JOSEPHSON

JUNEAU AK

THE BEST EDUCATION FOR OUR CHILDREN SHOULD BE OUR TOP  
PRIORITY. SUPPORT FULL FUNDING.

GAYLE NICHOLS

SR 80798A

FAIRBANKS AK 99701

1983 APR 13 AM 121  
**TELEGRAM**  
ALASKA  
PHONE: 586-2200  
JUNEAU, AK 99902

RECEIVED

APR 13 1983

Josephson,

# TELEGRAM

ALASCOM, INC.

PHONE: 586-6442

JUNEAU, AK 99802

#

02413 POM TDA FAIRBANKS ALASKA 15 04-07 0900P AST

PMS SENATOR JOE JOSEPHSON

1983 APR 8 AM 1 20

JUNEAU AK

KIDS PARENTS AND TEACHERS WANT FULL FUNDING FOR EDUCATION,  
AND SOCIETY NEEDS IT.

LINDA PEARSON

PO BOX 81806

COLLEGE AK 99708

RECEIVED

APR 13 1983

Josephson,

Full  
Funding

TELEGRAM

ALASKA TELECOM INC.  
PHONE: 586-4442  
JUNEAU, AK 99801

1983 APR 8 AM 1 22

#

02435 POM TDA FAIRBANKS ALASKA 15 04-07 0900P AST

PMS SENATOR JOE JOSEPHSON

JUNEAU AK

EDUCATION AFFECTS MORE LIVES THEN ANY OTHER AREA OF GOVERNMENT  
SPENDING. SUPPORT FULL FUNDING

MIRIAM PAQUIN

SR 40554

FAIRBANKS AK 99701

RECEIVED

APR 13 1983

Josephson,

#

02428 POM TDA FAIRBANKS ALASKA 15 04-07 0900P AST  
PMS SENATOR JOE JOSEPHSON  
JUNEAU AK

THE EFFECTIVE EDUCATION IS LIFE LONG. WE MUST PROVIDE THE  
BEST. SUPPORT FULL FUNDING.

PAT JACOBS

529 KETCHIKAN AVE

FAIRBANKS AK 99701

1083  
**TELEGRAM**  
ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

RECEIVED

APR 13 1983

Josephson,

# TELEGRAM

ALASCOM INC.  
PHONE: 585-0451  
JUNEAU, AK 99802

RECEIVED

#

MAR 22 1983  
1983 MAR 22 PM 10 33

02174 NL TDA SKAGWAY ALASKA 50 03-22 1640 AST

Josephson,

PMS SEN JOE JOSEPHSON

JUNEAU AK

**1359**

THE SKAGWAY TEACHERS ORGANIZATION URGES YOU TO OPPOSE SB176.  
WE DO NOT FEEL THIS BILL OFFERS AN ACCEPTABLE OPTION FOR  
FUNDING PUBLIC EDUCATION. WE SUPPORT RETAINING THE CURRENT  
FOUNDATION FUNDING FORMULA. OF EQUAL IMPORTANCE IS THE NEED  
TO FUND THE PROGRAM FULLY. WE REQUEST YOUR SUPPORT.

BRUCE CURRIE, PRESIDENT

SKAGWAY TEACHERS ORGANIZATION

CITY AND BOROUGH OF JUNEAU SCHOOL DISTRICT  
P.O. BOX 808 • DOUGLAS, ALASKA 99824

April 7, 1983

**RECEIVED**

The Honorable Joe P. Josephson  
Health, Education and Social Services  
Room 508 Capitol  
Pouch V  
Juneau, AK 99811

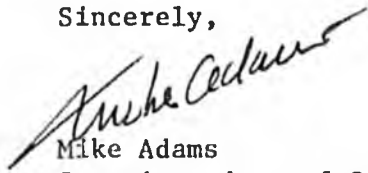
APR 12 1983

Josephson,

Dear Senator Josephson:

Enclosed please find a copy of Resolution #18-82, pertaining to state funding of public education in Alaska, passed by the City and Borough of Juneau School District Board of Education on Tuesday, April 5, 1983. Thank you for the opportunity to address the Senate HESS Committee on the fiscal issues for FY 84.

Sincerely,



Mike Adams  
Superintendent of Schools

Enclosure (1)



RESOLUTION # 18-82  
Relative to  
State Funding of Public Education in Alaska

WHEREAS, The Constitution for the State of Alaska designates the State as the entity responsible for providing a system of public education; and

WHEREAS, City and Borough School Districts in the State of Alaska have had no change for two years in the revenue limit set forth in statute as the Foundation Program for state support of public education; and

WHEREAS, The Juneau School District reduced and eliminated programs and services to balance the FY 83 budget; and

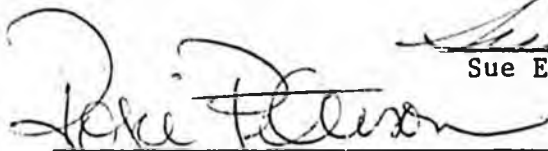
WHEREAS, The Juneau School District has increased its enrollment by 10% the past two years and is anticipating continuation of the same rate of pupil increase for the FY 84 year; and

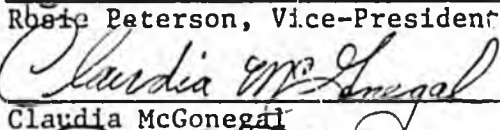
WHEREAS, Full funding of the Foundation Program would still require a substantial increase in local revenues to maintain the current level of educational programs and services for the youth of the Juneau District; and

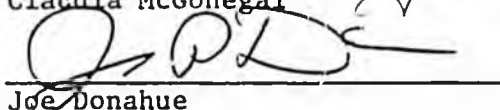
WHEREAS, The Board of Education and staff of the Juneau District are aware of the problems inherent in the current mechanism for funding public schools in Alaska and the need to change the mechanism to provide a more equal distribution of the resources available in support of public education statewide; and

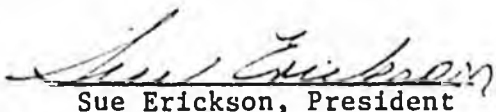
WHEREAS, The Board of Education and staff strongly urge the State Legislature to carefully analyze the impact of continued erosion of the State support of the Foundation Program will have on the Urban Districts throughout the state;

THEREFORE, Be it Resolved that the Board of Education of the City and Borough of Juneau School District recommends the Legislature provide full funding of the Foundation Program until the formulas and processes for funding public education in Alaska are evaluated and modified as required.

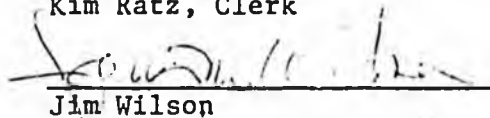
  
Rosie Peterson, Vice-President

  
Claudia McGonegal

  
Joe Donahue

  
Sue Erickson, President

  
Kim Ratz, Clerk

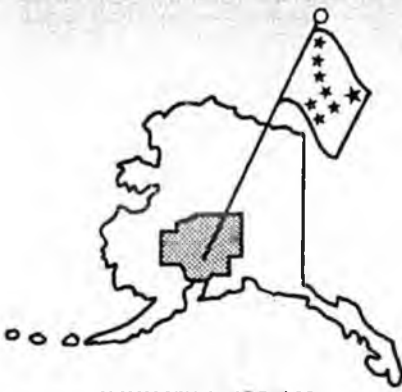
  
Jim Wilson

  
Ken McQuade

Foundation

# MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT

BOX A13 • PALMER, ALASKA 99645 1646 • PHONE 745-4822



KENNETH J. KARRAS  
SUPERINTENDENT OF SCHOOLS

March 24, 1983

RECEIVED

MAR 25 1983

Josephson

Senator Joe P. Josephson  
State Capitol Building  
Pouch V  
Juneau, AK 99811

Dear Senator Josephson:

Thank you very much for the opportunity to express my concerns regarding the inequities in the current Foundation Program.

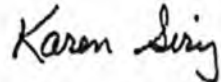
I would like to reiterate the significance of these inequities and their potential impact in the Matanuska-Susitna Borough School District. The proposed legislation pending in the House which established a funding level of \$415 million equates to .926510% of our entitlement under the present Foundation Program. In dollars, this means that our District will be short-funded \$1,654,647 for the 1983-84 school year.

It is very clear that the Governor and members of the Alaska State Legislature intend to shift a portion of the funding responsibility to boroughs, such as Mat-Su. I would agree that local boroughs should assume a greater portion of the responsibility. However, our District has had an increase in student enrollment of over 890 students this year. The District has added three (3) new facilities for the 1983-84 school year to accommodate a portion of our growth. In 1982-83 we requested \$6,907,249 dollars from our local borough. We have submitted our budget to the Borough Assembly for the 1983-84 school year, requesting \$9,710,293, which represents an increase in local support of 40.5%.

WE ARE ASKING OUR LOCAL TAXPAYERS TO INCREASE THEIR LOCAL CONTRIBUTIONS FOR THE OPERATION AND MAINTENANCE OF SCHOOLS BY NEARLY 40.5% AND REALISTICALLY WE CANNOT EXPECT THEM TO BEAR AN ADDITIONAL \$1,654,647 IN SHORT-FALL FUNDING BY THE STATE.

IT IS IMPERATIVE THAT YOU PROVIDE SOME METHOD TO FUND SCHOOL DISTRICTS THAT ARE EXPERIENCING TREMENDOUS GROWTH AND HAVE ASSUMED THE RESPONSIBILITY FOR THE START-UP COSTS OF NEW FACILITIES TO ACCOMMODATE THIS GROWTH, SUCH AS MAT-SU. Our School Board and Borough Assembly have judiciously scrutinized the use of monies dedicated to the operation and maintenance of schools in our borough. We should not be penalized because inequities exist in the present Foundation Program (area differential) that allows other districts to accumulate large fund balances which ultimately result in the mismanagement of State monies for education.

Sincerely,

A handwritten signature in cursive script that reads "Karen Siry".

Karen Siry  
School Board President

KS:GCT:pr

Box 115  
Yakutat, Alaska 99689  
March 21, 1983

Senator Joe Josephson  
Pouch V  
Juneau, Alaska 99811

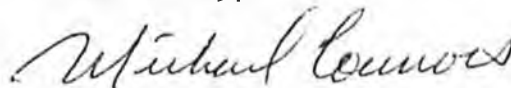
Dear Senator Josephson:

I have very grave concerns about the Bill that is currently in the Senate 251 that would change the way that schools are funded for next year. I have just learned that I will not have a job next year because the money we are receiving right now to run our schools is inadequate to support the present staff. As I understand it right now, we are receiving 97% of money that we would have received had there been full funding. This new Bill would effectively reduce that amount to 92% or about \$65,000 less than we are receiving right now. With things being the way they are here, that would probably mean more teachers' jobs.

The other problem with the Bill, as if there aren't problems enough, is that it is extremely inequitable. Some districts, such as Haines, would receive more money next year than they are receiving right now (Haines would get 105% of their full-funded amount while schools like Yakutat and Craig would be down to 92%). Surely you can see the inequity in this. The foundation program does have its inequities and Yakutat certainly suffers from those inequities, but scrapping the entire program does not solve these problems. Corrections should be made to the existing program and forward funding should be implemented to end this ludicrous guessing game that has been going on.

I urge that you work actively to defeat this Bill.

Sincerely,



Michael Connors

RECEIVED

MAR 25 1983

Josephson

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

#

02404 POM TDA FAIRBANKS 15 04-07 0900P AST

1983 APR 8 AM 1 57

PMS SENATOR JOE JOSEPHSON

JUNEAU AK

TEACHERS, KIDS, PARENTS NEED FULL FUNDING FOR EDUCATION AN  
EQUITABLE BARGAINING LAW FOR TEACHERS.

LEONARD COURSEY

POBCX 80184

FAIRBANKS AK 99708

RECEIVED

APR 12 1983

Josephson,

3.25.83

Honorable Joe Josephson  
Alaska State Senate  
Pouch 1  
Juneau, Alaska 99811

Dear Senator Josephson,

I am writing to request that you fully fund the foundation program for school districts statewide. The education of our children is of utmost importance as they are the future leaders of our state and country. Cuts in this program will directly affect the quality of the education of my two sons.

I would also request that the legislature return to the system of "forward funding" so that districts can once again plan their budgets in advance.

Thank you for your attention to my request.

Sincerely,  
Diana McKinnon  
509 W. 10th  
Juneau, Alaska 99801

ALL MEMBERS OF THE ALASKA SENATE  
ALL MEMBERS OF THE ALASKA HOUSE OF REPRESENTATIVES

RECEIVED

FROM: CHERI DAVIS, KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT  
POUCH Z, KETCHIKAN, ALASKA 99901  
PHONE 225-6304 (HOME) 225-6161 (WORK)

MAR 29 1983

FOUNDATION FORMULA

Josephson.

THE KETCHIKAN SCHOOL BOARD HAS GONE ON RECORD IN SUPPORT OF CONTINUING  
THE FOUNDATION FORMULA AND FUNDING EDUCATION AT THE FULL AMOUNT OF  
\$48,000,000 TO SUPPORT THE FORMULA.

DM/JF

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance



Official Business

June 14, 1983

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

### MEMORANDUM

TO: Representative Ward  
✓ Representative Tischer  
Representative Larson  
Members, Conference Committee on HB 251

FROM: Al Adams, Chair *AAA*  
House Finance Committee

SUBJ: HB 251

I request that you consider the following revisions to HB 251, relating to state support for education, in your conference committee deliberations. I believe that these changes are necessary to provide for truly strict controls on the school construction debt program. The changes are listed in order of priority.

### Suggested Revisions

1. P. 1, lines 14-16: Delete ", and authorized by the qualified voters of the municipality". Add the language ", and" in front of "before July 1, 1983,".

The section would then read: "(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after December 31, 1981, and before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and ".

The purpose of this change is to insure that municipal school districts do not rush for voter approval of bonded projects before July 1, 1983, but do not actually go to the bond market until later. The state would be obligated to pay "up to 90%" of these bond payments, when the legislature's intent is to only pick up 50% of future bond payments. It is my understanding

that both Ketchikan and Fairbanks will be selling their new bond issues before June 30, and thus would not be adversely affected by this amendment.

2. P. 1, line 28: Between "year" and "for" add the phrase "two years earlier". The section would then read: "(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 . . .".

My research on this subject has brought out the fact that reimbursing debt in the same year that it is incurred encourages the municipality to bond for school projects because they do not have to find a local source of funding (such as increased taxes) to pay those first two years of payments. This is less important when the state is only reimbursing 50% than it would be if the state continues to reimburse at 90%. However, I still feel that it would be a further layer of control to place on municipal school districts that is in order.

3. Add language to the bill to cap the amount that the legislature may appropriate annually for retirement of school construction debt. If a \$10 million cap is deemed appropriate; for example, the language could read: "No more than \$10,000,000 may be appropriated to retire school construction and rehabilitation debt in a single fiscal year." Capping the amount the statute authorizes to be appropriated each year would be a clear signal to communities that the legislature does not intend the program to continue to expand dramatically in the future. Of course, no legislature can bind a future one, so the actual amount of the annual appropriation would be determined in the annual budget process. However, such capping authorization is allowable, and from my point of view, desirable.

#### Procedural Note

In order to make any of the above changes, it would be necessary to request limited powers of conference committee since none of this language presently exists in either body's version of the bill.

If the Senate is not amenable to any of these amendments, it would be necessary to form a free conference committee in order to include them in the bill.

*Just only my conservative ideas! Just  
do your best!!*  
de

Thank you for your consideration of my views as you  
deliberate on this important matter.

Sectional Analysis of Proposed Conference Committee  
Substitute for House Bill 251

Section 1 provides for payment of up to 90% for:

(A) current year bond repayments made by a municipality on indebtedness incurred after December 31, 1981, and authorized before July 1, 1983; and

(B) cash repayments made by a municipality after June 30, 1982, and before July 1, 1983, during the fiscal year two years earlier (the two-year period is a result of the delay in the Department of Education receiving audits.

Section 2 provides for payment of up to 50% for:

(A) bond repayments made by a municipality on indebtedness incurred after June 30, 1983; and

(B) cash repayments made by a municipality after June 30, 1983, during the fiscal year two years earlier.

This provision is intended to discourage bonding for non-essential projects.

Section 3 provides that the state may not allocate money to a municipality for a school construction project that has not been approved by the Commissioner of Education.

In approving the project, the commissioner shall require full information on the bonding issue approved by the voters; no call-back options; a minimum pay-back period of fifteen years; and a demonstration of need.

Section 4 states the findings of the legislature and the legislature's intent to provide an alternative mechanism for public funding of schools in Alaska.

Section 5 creates the Foundation Funding Policy Council, composed of the respective chairpersons of the House HESS Committee and the Senate HESS Committee, and five additional members to be appointed jointly by the Speaker of the House and the President of the Senate -- the executive director of the Alaska School Board Association, an education analyst from the Office of Budget and Management, a fiscal analyst from the Department of Education, the president of the State Board of Education, and the executive director of the Alaska Council of School

Administrators.

Section 6 requires the Foundation Funding Policy Council to make a final report to the governor and to the legislature before February 1, 1984.

Section 7 suspends from July 1, 1983, through June 30, 1984, the operation of pertinent statutes affecting the current foundation funding formula; retains the Hold-Harmless Clause of AS 14.17.031(d) -- i.e. if the ADM decreases by 10% during the period of suspension, the previous year's ADM figures are used for calculating instructional units ( in order to provide for drastic declines in school enrollments due to economic reasons). This section specifically suspends the following statutes:

- |                                     |  |
|-------------------------------------|--|
| AS 14.17.021 (a)                    | Basic state aid formula (Instructional unit x Unit allotment)  |
| AS 14.17.022                        | Funds for Centralized Correspondance Study   |
| AS 14.17.023                        | Supplemental Equalization Aid (Adjusts the allotments with respect to local tax contributions with the Department of Community and Regional Affairs determining the amount). |
| AS 14.17.031 (a), (b), (c), and (e) | Instructional units (IU's) - Total number of IU's within each school district in regard to various types of schools and program components.                                  |
| AS 14.17.041                        | Tables of allowable instructional units  |
| AS 14.17.051                        | Instructional Unit Allotment - dollar amount provided for each Instructional Unit  |
| AS 14.17.056                        | Definition of Base Instructional Unit Value (\$42,450)   |
| AS 14.17.082                        | Fund balance changes in school operating fund; audited by Legislative Budget and Audit by April 15 of each year  |
| AS 14.17.160                        | Allocation of funds on preliminary computation   |
| AS 14.17.180                        | Payment under final computation  |
| AS 14.17.225 (b)                    | Proration of funds proscribed by AS 14.17.010  |

Section 8 sets the dollar amount per ADM for each school district and for centralized correspondance study. These figures are based on 97.23% of full entitlement as exists presently for funds provided in FY 83 plus

Sectional Analysis of CCSHB 251  
June 16, 1983  
Page three

the supplemental appropriation of HB 73. Subject to adjustment under AS 14.17.021 (b), REAA's do not reflect reduction for PL 874 funds; those deductions will be made pursuant to Section 5.

Section 9 states the determination of state aid based on reports submitted under AS 14.17.170 (payment under adjusted computations). Payment distribution is set to replace AS 14.17.160.

Section 10 states the funds necessary for increased enrollments based on last quarter count (November 1983) will be placed into the supplemental program account and distributed per ADM's in Section 5. Available funds will be distributed on a prorata basis among school districts with increases in average daily membership.

Section 11 states that the continuation level will be maintained for certain programs -- bilingual, special education, and vocation education programs.

Section 12 sets a July 1, 1983, effective date.

/wtl

Original sponsors: Tishcer, Adams,  
Fuller and Lindauer

IN THE HOUSE

BY THE CONFERENCE COMMITTEE

CONFERENCE CS FOR HOUSE BILL NO. 251

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to state support for education; and providing for an effective date."

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

\* Section 1. AS 43.18.100(a)(4) is amended to read:

(4) subject to (h) and (i) of this section up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, except where the growth rate during school year 82-3 was at least 12% and authorization by the qualified voters of the municipality occurs before ~~December 31,~~ <sup>SEPTEMBER 30,</sup>

1983 and cost of school construction does not exceed \$<sup>20</sup>36,000,000; to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11);

(B) cash payments made after June 30, 1982, and before July 1, 1983, except where the growth rate during school year 82-3 was at least 12% before ~~December 31,~~ <sup>September 30,</sup> 1983 and cost of school construction does not exceed \$<sup>20,000,000</sup>36,000,000; by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS

14.07.020(11).

\* Sec. 2. AS 43.18.100(a) is amended by adding a new paragraph to read:

(5) subject to (h) and (i) of this section, 50 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983 by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).

\* Sec. 3. AS 43.18.100 is amended by adding a new subsection to read:

(j) The state may not allocate money to a municipality for a school construction project under (a)(5) of this section unless the project is approved by the commissioner before the local vote on the bond issue for the project. In approving a project under this subsection, the commissioner shall require

(1) the municipality to include on the ballot for the bond issue the total cost of each project and the amounts that will be paid by the state and by the municipality;

(2) that the bonds may not be redeemed before expiration and must be repaid in equal payments over a period of at least 15 years;

(3) the municipality to demonstrate the need for the project by factors such as increased enrollment in the school district,

the health and safety of the students, and the factors listed in AS 14.11.010(c).

\* Sec. 4. FINDINGS. The legislature finds that the present system of providing assistance to school systems should be studied for modification and improvement. The legislature further finds that during the period of study an alternative mechanism to the existing foundation support system is desirable.

\* Sec. 5. The operation of AS 14.17.021(a), 14.17.022, 14.17.023, 14.17.031(a), (b), (c), and (e), 14.17.041, 14.17.051, 14.17.056, 14.17.082, 14.17.160, 14.17.180, and the provision of 14.17.170 that requires the withholding of one-half of the June payment of state aid pending a final determination of each school district's state aid is suspended from July 1, 1983, through June 30, 1984. During the period of suspension, the provisions of AS 14.17.031(d) remain in effect except that the number of students in average daily membership in each school district shall all be used instead of instructional units to calculate reductions in state aid. During the period of suspension, funding for the basic state aid and supplemental equalization aid that otherwise would have been provided under the provisions of AS 14.17.021(a), 14.17.022, and 14.17.023 shall be provided to school districts and for centralized correspondence study in the manner and amounts provided by sec. 6 of this Act.

\* Sec. 6. For fiscal year 1984 the amount of state aid for each school district and for centralized correspondence study is the following amount, subject to adjustment under AS 14.17.021(b), for each pupil in average daily membership less any aid overpaid as determined by the commissioner of education:

Anchorage School District	\$ 3,310
Bristol Bay Borough School District	9,732
Cordova City School District	5,029

Craig City School District	6,734
Dillingham City School District	8,673
Fairbanks North Star Borough School District	3,688
Galena City School District	9,995
Haines Borough School District	6,345
Hoonah City School District	6,224
Hydaburg City School District	9,163
City and Borough of Juneau School District	3,622
Kake City School District	7,109
Kenai Peninsula Borough School District	3,900
Ketchikan Gateway Borough School District	3,399
King Cove City School District	9,376
Klawock City School District	7,417
Kodiak Island School District	5,488
Matanuska-Susitna Borough School District	3,504
Nenana City School District	10,507
Nome City School District	7,165
North Slope Borough School District	9,202
Pelican City School District	12,438
Petersburg City School District	4,049
Sand Point City School District	8,283
Sitka Borough School District	3,711
Skagway City School District	5,379
St. Mary's City School District	14,946
Tanana School District	13,361
Unalaska City School District	8,210
Valdez City School District	4,786
Wrangell City School District	4,726
Yakutat City School District	7,749

Adak Regional School District	6,643
Alaska Gateway School District	8,639
Aleutian Chain School District	16,674
Annette Island School District	6,572
Bering Straits School District	12,197
Chatham School District	8,682
Chugach School District	11,758
Copper River School District	7,178
Delta School District	5,915
Iditarod Area School District	14,972
Kuspuk School District	16,376
Lake and Peninsula School District	15,476
Lower Kuskokwim School District	11,033
Lower Yukon School District	9,864
Northwest Arctic School District	10,387
Pribilof Islands School District	11,475
Upper Railbelt Regional School District	9,551
Southeast Island School District	9,665
Southwest Regional School District	13,305
Yukon Flats School District	15,498
Yukon Koyukuk School District	13,191
Central Correspondence	2,580

\* Sec. 7. The Commissioner shall determine the state aid for each school district on the basis of the reports submitted under AS 14.17.170 for fiscal year 1983. Beginning July 15 of the fiscal year, and on the 15th of each month, for seven successive months, 1/12th of each district's state aid shall be distributed.

\* Sec. 8. During the period of suspension under sec. 5 of this Act, a school district shall continue to provide service to students in programs

of bilingual, special, and vocational education commensurate with the needs of the students and in strict accordance with applicable state and federal laws and regulations.

\* Sec. 9. Sections 1 - 3 of this Act take effect July 1, 1983.

\* Sec. 10. Sections 4 - 8 of this Act take effect immediately in accordance with AS 01.10.070(c).

\* Sec. 11. Sections 4 - 8 of this Act are repealed on June 30, 1984.

*Reinsert old section 10 w/o the  
supplemental account.*

H B

251

(FILE 2)

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

4/4/83

Date: 4/15/83

Mr. President:

The Committee on HESS has had CSHB 251 (HESS)

Relating to state support for education; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CSHB 251  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
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CHAIRMAN

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

June 14, 1983

WHILE IN SESSION

Fouch V

State Capitol

Juneau, Alaska 99811

(907) 465-3706

OUT OF SESSION

P.O. Box 333

Kotzebue, Alaska 99752

(907) 442-3320

1024 W. 6th

Anchorage, Alaska 99501

(907) 274-0615



Official Business

### MEMORANDUM

TO: Representative Ward  
Representative Tischer  
Representative Larson  
Members, Conference Committee on HB 251

FROM: Al Adams, Chair *AK*  
House Finance Committee

SUBJ: HB 251

I request that you consider the following revisions to HB 251, relating to state support for education, in your conference committee deliberations. I believe that these changes are necessary to provide for truly strict controls on the school construction debt program. The changes are listed in order of priority.

### Suggested Revisions

1. P. 1, lines 14-16: Delete "and authorized by the qualified voters of the municipality". Add the language ", and" in front of "before July 1, 1983,".

The section would then read: "(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after December 31, 1981, and before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and "

The purpose of this change is to insure that municipal school districts do not rush for voter approval of bonded projects before July 1, 1983, but do not actually go to the bond market until later. The state would be obligated to pay "up to 90%" of these bond payments, when the legislature's intent is to only pick up 50% of future bond payments. It is my understanding

that both Ketchikan and Fairbanks will be selling their new bond issues before June 30, and thus would not be adversely affected by this amendment.

2. P. 1, line 28: Between "year" and "for" add the phrase "two years earlier". The section would then read: "(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 . . .".

My research on this subject has brought out the fact that reimbursing debt in the same year that it is incurred encourages the municipality to bond for school projects because they do not have to find a local source of funding (such as increased taxes) to pay those first two years of payments. This is less important when the state is only reimbursing 50% than it would be if the state continues to reimburse at 90%. However, I still feel that it would be a further layer of control to place on municipal school districts that is in order.

3. Add language to the bill to cap the amount that the legislature may appropriate annually for retirement of school construction debt. If a \$10 million cap is deemed appropriate, for example, the language could read: "No more than \$10,000,000 may be appropriated to retire school construction and rehabilitation debt in a single fiscal year." Capping the amount the statute authorizes to be appropriated each year would be a clear signal to communities that the legislature does not intend the program to continue to expand dramatically in the future. Of course, no legislature can bind a future one, so the actual amount of the annual appropriation would be determined in the annual budget process. However, such capping authorization is allowable, and from my point of view, desirable.

#### Procedural Note

In order to make any of the above changes, it would be necessary to request limited powers of conference committee since none of this language presently exists in either body's version of the bill.

If the Senate is not amenable to any of these amendments, it would be necessary to form a free conference committee in order to include them in the bill.

*Just only by conservative ideas! Just  
do your best!!*

Thank you for your consideration of my views as you deliberate on this important matter.



Official Business

# Alaska State Legislature

## Senate

### Office of the President

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Conference Committee on HB 251  
Senator Joe Josephson, Chairman  
Senator Frank Ferguson  
Senator Paul Fischer

FROM: Senator Jay Kerttula ✓  
Senate President

DATE: June 16, 1983

SUBJECT: Potential amendment to HB 251

The Matanuska - Susitna Borough School District has been beset with tremendous growth and needs to build three new schools this year in addition to two just bonded to accomodate this population impact.

HB 251 provides the formula for computing foundation program support for school districts during the coming year.

The Senate version, (SCS CSHB 251 (Rules) am S), which is attached, comes much closer than the House version to accomodating the needs of areas of the State experiencing such population growth as the Mat-Su has.

One change would further strengthen the Senate bill for the Mat-Su Borough School District and I ask that you consider it.

The Mat-Su School District is preparing to issue additional bonds for construction for two more schools and possible addition to a third during the fall of this year. If the dates providing for up to 90% of the school debt reimbursement were changed to December 31, 1983 rather than July 1, 1983, the Mat-Su school district would benefit greatly.

Please be aware this is not opening up the debt reimbursement in that it takes considerable time to prepare for a bond issue. Mat-Su has worked hard to compensate for the massive growth in the school system and needs to be able to participate in the 90% reimbursement program if they are to provide an effective education to their growing student population. Their student population increased by almost 1000 this year and is expected to increase by 1200 this coming year. They need assistance to provide adequate education.

Thank you for consideration of this change.

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

June 10, 1983

SUBJECT: State support for education  
(SCS CSHB 251 (Rules) am S))

TO: Representative Mae Tischer  
Chairman, House Health, Education, and  
Social Services Committee

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have requested a comparison of CSHB 251 (HESS), as passed by the House, with SCS CSHB 251 (Rules) am S, as passed by the Senate. Sections 1 - 3 of the Senate version pertain to the retirement of school construction debts which is not addressed in the House version of HB 251. Sections 4 - 8 of the Senate version deal with the foundation funding program, the subject of the original bill, but in a different manner. The differences between these sections of the Senate version and the House version were explained in a memo dated April 13, 1983. For your convenience, I have incorporated that memo into this one.

Section 1 of the Senate version amends AS 43.18.100(a)(4) to provide that the state will reimburse municipalities for up to 90 percent of their school construction debt only on indebtedness incurred after December 31, 1981 and authorized by the qualified voters of the municipality before July 1, 1983. In other words, the present 90 percent funding provided by the state will only apply to bond sales authorized before July 1, 1983. Sec. 1 also limits the 90 percent reimbursement to cash payments made by municipalities before July 1, 1983.

Section 2 adds a new paragraph to AS 43.18.100 to provide that bonds authorized and cash payments made after June 30, 1983, will be reimbursed by the state only up to 50 percent. The overall effect of Secs. 1 and 2 of the Senate version is to reduce the state's obligation to retire the school

construction debts of municipalities from 90 percent to 50 percent.

Section 3 adds a new subsection to AS 43.18.100 to prohibit the use of state funds to retire a school construction debt unless the commissioner of revenue approves the project before the bond issue for the project goes before the voters of the municipality. Before approving a project, the commissioner must require the municipality to meet several conditions. First, the municipality must include on the ballot for the bond issue the total cost of each project and the amounts to be paid by the state and by the municipality. Second, the municipality must provide that the bonds may not be redeemed before expiration and must be paid in equal payments over a period of at least 15 years. Finally, the municipality must demonstrate need for the project.

The sections of the Senate version of the bill pertaining to foundation funding do not suspend certain provisions of AS 14.17 as CSHB 251 (HESS) does. Instead, the Senate version operates with "the provisions of AS 14.17 notwithstanding". The result is that the Senate version maintains the operation of AS 14.17, subject to the changes set out in the bill.

Section 4 of the Senate version provides that the instructional units within each school district for the purpose of calculating state aid for fiscal year 1984 is equal to the revised number of instructional units for fiscal year 1983. Accordingly, while CSHB 251 (HESS) bases state aid for fiscal year 1984 on average daily membership with the amounts for each pupil specifically provided in the bill, the Senate version retains the statutory foundation formula for fiscal year 1984, but bases the instructional units on fiscal year 1983 figures.

Section 5 of the Senate version makes one change in the instructional units used for fiscal year 1984. It provides that a junior high school program may not be used separately to calculate instructional units unless the program is housed in its own separate facility and has an average daily membership of 50 or more, or had a separate administration in place before the 1983 school year.

Section 6 of the Senate version requires the commissioner of education to recommend changes in the foundation funding program in contrast to CSHB 251 (HESS) which creates a

"Foundation Funding Policy Council" to make recommendations to the legislature. The Senate bill also makes provisions for funding in fiscal year 1985 and later years in the event that the commissioner of education fails to make the required recommendations. It provides that the basic aid beginning in fiscal year 1985 shall be adjusted to reflect changes in the Consumer Price Index for all Urban Consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor. CSHB 251 (HESS), on the other hand, makes no provisions beyond fiscal year 1984.

Section 7 of the Senate version provides that state aid for fiscal year 1984 may be increased over state aid for fiscal year 1983 only to take into consideration increased enrollment or the opening of new schools. CSHB 251 (HESS) does not put this type of limitation on increases in state aid.

Section 8 of the Senate version gives the bill an immediate effective date as opposed to a July 1, 1983, effective date in CSHB 251 (HESS).

In addition to the differences between the two bills noted above, CSHB 251 (HESS) also contains some provisions not contained in the Senate version of the bill. Section 7 of CSHB 251 (HESS) provides for the use of appropriations for supplemental programs under AS 14.17.061(a). These appropriations may be used in fiscal year 1984 for average daily membership increases reported by school districts for fiscal year 1983. Section 7 of the House bill also provides that if appropriations under this section are insufficient to meet the authorized average daily membership allocations, the available funds shall be distributed on a pro rata basis among school districts with increases in average daily membership. This last provision does not differ greatly from the Senate version, however, because AS 14.17.225(b) which applies to the Senate version, makes a similar provision for insufficient funds.

To summarize, the principal differences between the two bills are as follows: First, the Senate bill reduces the state's obligation to retire the school construction debts of municipalities from 90 percent to 50 percent. Second, the House bill suspends AS 14.17, while the Senate bill merely makes certain changes in the operation of AS 14.17. Third, the House bill creates a council to study the foundation program, while the Senate version requires the

Representative Mae Tischer

Page 4

June 10, 1983

Department of Education to do the study. Fourth, the House version bases state aid for fiscal year 1984 on average daily membership with fixed figures for average daily membership provided, while the Senate version bases fiscal year 1984 aid on the revised instructional units for fiscal year 1983 and uses the current foundation funding formula as provided by AS 14.17. Fifth, the House version makes no provision beyond fiscal year 1984, while the Senate version provides that state aid be adjusted by the Consumer Price Index beginning in fiscal year 1985 if the Department of Education fails to make recommendations to the legislature for improving the foundation funding program. Finally, the House version would take effect July 1, 1983, while the Senate version has an immediate effective date.

KBL:ljb

24/006

ANALYSIS OF  
PROPOSED FINANCE CS  
FOR CS HB 251 (HESS)

SYNOPSIS: SECTIONS 1 through 3 of the bill relate to school debt retirement, while sections 4 through 7 relate to the school foundation formula, with section 8 being the immediate effective date.

SCHOOL DEBT RETIREMENT

PURPOSE: To control the amount the state pays each year for the reimbursement of municipal school construction debt payments. Legislation passed last year, which increased the reimbursement rate from 80% to 90% and eliminated the two-year time lag, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62 million, and is estimated to be over \$90 million in FY 84. These figures represent 100% of entitlement, although the actual payback is dependent on the amount appropriated yearly by the Legislature.

According to the draft, new debt would be reimbursed at 50% after it is incurred. All eligible projects must be approved by the Commissioner of the Department of Education prior to voter approval with total project costs listed on the bonding ballot. Other requirements are that the bond may not be redeemed before expiration and must be repaid over a period of at least fifteen (15) years, and that the municipality must demonstrate need for the project.

Nothing in this draft would affect debt incurred prior to 1982, and the intent is to provide sufficient funding for debt incurred prior to 1981 without pro rata distribution of available funds.

The draft provides that payments to the municipality for the retirement of principal and interest of outstanding bonds for the current year (on indebtedness incurred after Dec. 31, 1981 and before July 1, 1983), and payments made after July 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier for construction, renovation, and additions will be paid by the state up to 90%.

FOUNDATION FORMULA

PURPOSE: The Act provides for the computation of instructional units for FY 84 while eliminating the junior high "loophole" in current statutes. The opening of new school sites and increases in enrollment are the only justification for alteration of the instructional units, as revised, for FY 84. The Act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the Legislature on the Foundation Study by January of 1984.

SECTION ANALYSIS

- Section 1: Provides for payments up to 90% for:
- (A) current year bond payments on indebtedness incurred after December 31, 1981 and before July 1, 1983 made by the municipality; and
  - (B) cash payments made after June 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier (the two-year lag is due to receipt of audits by the Department).
- Section 2: Provides that 50% of debt payments will be reimbursed after they are incurred by the municipality. This discourages bonding of non-essential projects.
- Section 3: Provides that the state may not allocate money to a municipality for a school construction project that has not been approved by the Commissioner of Education.
- In approving the project, the Commissioner shall require full information on the bonding issue approved by the voters; no call back options; a minimum payback period of 15 years; and demonstration of need.
- Section 4: Sets the number of instructional units and supplemental equalization aid for each school district and correspondence study for FY 84 at the FY 83 revised figure.
- Section 5: Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the program is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year. Includes reference to AS 14.17.031(d) to prevent financial catastrophe in a district.
- Section 6: Provides that, should the Commissioner of Education not report back to the Legislature on the foundation formula study by January 9, 1984, the amount of basic state aid paid, beginning in Fiscal Year 1985, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 7: Provides that the only increase in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 8: Provides for an immediate effective date.

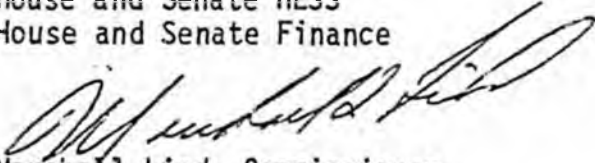
# MEMORANDUM

# State of Alaska

TO: Members  
House and Senate HESS  
House and Senate Finance

DATE: April 21, 1983

FILE NO: 006.3

FROM:   
Marshall Lind, Commissioner  
Department of Education

TELEPHONE NO: 465-2800

SUBJECT: School Finance Study

The memo is written to clarify the amount of time necessary to complete a study of the Alaska system of school finance.

In January, 1982, the Department made a recommendation to the Legislature that the system of financing schools in Alaska be investigated. In the years since 1970, when the current system was instituted attempts to maintain equity in light of changing times have caused some problems. Funds necessary to research possible alternatives were requested and received. The finance study process was then initiated in July, 1982. The request for proposals for conducting the research was initially mailed in November but, following the change within the administrations, the process was put on hold. The study process is again under way and is expected to be completed in December of 1984.

As we developed the design of the study, we sought the best advice available. In large part, the advice came from the Education Commission of the States and was based on the experiences of other States who had attempted to deal with the issues of equity and sufficiency in the funding of public K-12 education. Interviews with individuals responsible for similar studies in other States indicated that a minimum of one year was imperative and that two years was optimal.

Our schedule indicates that the Alaska study will take approximately 12 months to complete the technical work, and an additional 6 months to adequately address the policy issues involved in restructuring a system of foundation support. Because of several delays in the issuance of the RFP, we do not anticipate technical work to be completed prior to June 1984. As such, the final report will not be available until December 1984. Although we will be issuing an interim progress report in January of 1984, we will not be in a position to provide any firm recommendations at that time. If it is the intent of this Legislature to take action on the method of financing public education during the next session, we would ask your support in permitting us to continue with the research effort now under way. The results of the study and research should prove valuable to decision makers in both the Legislative and Executive branches for many years to come.

# Alaska MUNICIPAL League

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801



May 17, 1983

RECEIVED

MAY 17 1983

to: Alaska State Senate  
from: Ginny Chitwood, AML Executive Director *GC*  
re: CSSB 82 (Finance) - Reappropriations

Josephson,

The Alaska Municipal League urges your approval of a supplemental appropriation for State Aid for the Retirement of School Construction Debt. Section 18 on line 24 or page 6 appropriates \$6.5, which is almost half of the FY 83 shortfall. We ask your favorable consideration of an amendment, increasing the \$6.5 million to \$13,099,690, the amount necessary to fully fund the FY 83 entitlement.

Several years ago the Legislature developed this state-aid program to reduce the inequities between REAA's, where the state pays 100% of school construction costs, and the municipal school districts, where the local taxpayers were footing the entire bill. The original program provided for a 50% reimbursement on a two-year time delay and later was changed to 80%. Over the years, other changes have been made, including giving the Department of Education plan approval authority and raising the percentage of reimbursement to 100% for payments on debt issued before July 1, 1977.

Last session, two other changes were made to the program. In order to alleviate cash flow problems that were caused by the two-year time delay in reimbursements, the program was modified to phase in a current year reimbursement program, providing for current year reimbursements of payments on debt issued after December 31, 1981. The other change made last year raised the percentage of reimbursement from 80% to 90% on debt issued after July 1, 1977.

It is our understanding that the Legislature intended to fully fund this entitlement for FY 83. The shortfall was the result of two factors: incorrect application of tobacco tax receipts to this program and underestimation of the funding requirements for the current year reimbursement feature. These problems should not reoccur because the tobacco tax issue has been clarified, and the bugs should be worked out implementing the new section of the program.

Enclosed is a list of how the supplemental would be distributed. Also enclosed is a one-page explanation of the program of state aid for retirement of school construction debt.

School Construction Debt Retirement

FY-83

## DISTRIBUTION

	<u>Pre 12-31-81</u>	<u>Post 12-31-81</u>	<u>Total</u>
Anchorage	2,050,317	1,193,412	3,243,729
Bristol Bay	48,050	-0-	48,050
Cordeva	17,799	-0-	17,799
Craig	-0-	-0-	-0-
Dillingham	56,046	-0-	56,046
Fairbanks	765,533	837,075	1,602,608
Galena	7,524	-0-	7,524
Haines	13,595	-0-	13,595
Hoonah	-0-	-0-	-0-
Hydaburg	-0-	-0-	-0-
Juneau	115,360	492,411	607,771
Kake	-0-	-0-	-0-
Kenai	962,592	1,244,420	2,207,012
Ketchikan	112,017	-0-	112,017
King Cove	-0-	-0-	-0-
Klawock	-0-	-0-	-0-
Kodiak	79,205	-0-	-0-
Mat-Su	705,820	605,249	1,311,069
Nenana	1,979	-0-	1,979
Nome	4,424	-0-	4,424
North Slope	1,863,579	1,149,461	3,013,040
Pelican	-0-	-0-	-0-
Petersburg	104,312	-0-	104,312
Sand Point	-0-	-0-	-0-
Sitka	127,350	-0-	127,350
Skaqway	4,456	-0-	4,456
St. Mary's	-0-	-0-	-0-
Tanana	-0-	-0-	-0-
Unalaska	-0-	-0-	-0-
Valdez	525,363	-0-	525,363
Wrangell	12,341	-0-	12,341
Yakutat	-0-	-0-	-0-
TOTAL	7,577,662	5,522,028	13,099,690

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)

More than 10 years ago, the Legislature established this program of reimbursing municipalities for a portion of their school construction debt. The program started as a 50% reimbursement with a two year lag in payments, and over the years was changed to provide for a larger percentage of reimbursement (100% for payments on debt issued before 7/1/77 and 80% for the rest) and some oversight by the Department of Education. Last session, other changes were made to the program: the percentage of reimbursement was raised from 80% to 90% for payments on debt issued after 7/1/77 and current year reimbursements were authorized for payments on debt issued after 12/31/81, in order to phase out the two year lag.

In summary, the current program provides:

1. 100% of payments made two years earlier on school debt issued before July 1, 1977. (Payments made by the municipality in FY 82 are reimbursed by the State in FY 84.)
2. 90% of payments made two years earlier on school debt issued between July 1, 1977 and December 31, 1981. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
3. 90% of cash payments made two years earlier for school construction costs. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
4. 90% of payments made in the current year on school debt issued after December 31, 1981. (Payments to be made by the municipality in FY 84 are partially reimbursed in FY 84.)
5. Each municipality's entitlement is determined by adding the four categories listed above and then subtracting the amount of tobacco tax the district received two years earlier. (The amount of tobacco tax received in FY 82 is deducted from the FY 84 payment.)

The other factors of the program relate to the oversight and approval authority granted to the Department of Education and limits to the types of facilities that are eligible for reimbursement.

Prepared by the Alaska Municipal League  
May 2, 1983



Official Business

# Alaska State Legislature

## Senate

Pouch V  
State Capitol  
Juneau, Alaska 99811  
465-4907  
465-4908

March 29, 1983

Dear Colleague:

Subject: Public School Foundation Funding

1. Two Tables Attached. Table A and Table B show how each school district in Alaska would fare under three possible funding scenarios -- 100% funding under the existing foundation program; 97.2% funding under the existing foundation program; and HB 251 (passed by the House).

Table A covers non-REAA districts. On the left side of Table A is a breakdown of expected payments in FY '84, under the three scenarios, on a per pupil ("average daily membership") basis. On the right side of Table A is a breakdown of expected payments, in total, district-by-district.

Table B gives the same information for the REAAs.

2. The Non-REAAs (Table A). Generally, 97.2% of the existing foundation program works out better for the non-REAAs than would funding under HB 251. Statewide, the non-REAAs -- the city, borough and municipal districts -- would receive \$315,253,700 under 100 percent funding of the existing program; \$306,530,100 under 97.2 percent funding of the existing program; and \$304,420,400 under HB 251.

However, Bristol Bay, Haines, Juneau, Ketchikan, King Cove, Kodiak, Nenana, North Slope, Pelican, Petersburg, Sitka, Skagway, St. Mary's, and Valdez, appear to do better under HB 251.

Anchorage -- with 42 percent of the state's K-through-12 student body -- would receive \$2,245,000 less under HB 251 than it would at 97.2 percent of the existing foundation program.

3. The REAAs. Table B shows that with the exceptions of the Bering Straits, Chatham and Lake & Peninsula REAAs, the REAAs will receive more money under HB 251 than they

would receive under the existing foundation program --  
even at 100 percent funding of the existing program!

4. Total Cost to State. HB 251's net cost to Alaska is a little over five million dollars less than even 97.2 percent funding of the existing foundation program (assuming Alaska's receipt of projected federal aid impact funds under P.L. 874, which are subject to the congressional appropriation process; P.L. 874 has always been a target of national administrations seeking to impose budget reductions or restraints, but on the other hand, P.L. 874 has always had critical support from key members of Congress).

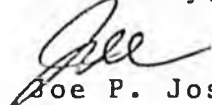
4. Fast-Growing Districts. Fast-growing districts, especially those with a need for new schools and school sites, tend to do better under the existing formula, which is weighted for school facility growth. Proposals like HB 251 that tend to apportion school dollars based upon ADM and to suspend the existing foundation formula will tend to work against the interests of such districts to an extent that the tables will not adequately reflect.

5. Summary. HB 251 appears to give most REAAs more money than they would receive if the existing foundation formula were retained and if the existing formula were FUNDED AT THE ONE HUNDRED PERCENT LEVEL! On the other hand, HB 251 would give most of the non-REAAs, especially the local districts in central and southcentral Alaska less money than they would receive if the existing foundation formula were retained for FY '84 and even if it were FUNDED AT ONLY THE 97.2 PERCENT LEVEL.

I thought this information might be of interest.

Withbest wishes,

Sincerely,

  
Joe P. Josephson

Enclosures:

"Table A" \*

"Table B" \*

\*Source: Dept of Education.

DEPARTMENT OF EDUCATION  
 REVIEW FOR SENATE HESS  
 USING FY84 ADM

SCHOOL DISTRICT	\$ PER ADM			XXXXXX	TOTAL \$		
	100% Entitlement Current	97.2% Entitlement Current	HB 251		100% Entitlement Current	97.2% Entitlement Current	HB 251
Anchorage	3467	3372	3310	XX	127,119.4	123,599.5	121,354.5
Bristol Bay	9816	9523	9732	XX	2,125.2	2,066.4	2,111.8
Cordova	5238	5094	5029	XX	2,294.4	2,230.9	2,202.7
Craig	7659	7447	6734	XX	1,133.5	1,102.1	996.6
Dillingham	9043	8782	8673	XX	3,666.8	3,565.2	3,521.2
Fairbanks	3805	3700	3688	XX	36,941.7	35,918.8	35,806.8
Galena	10876	10576	9995	XX	1,479.2	1,438.2	1,359.3
Haines	6031	5865	6345	XX	2,382.4	2,316.4	2,506.3
Hoonah	6511	6331	6224	XX	1,556.1	1,513.0	1,487.5
Hydaburg	9186	9220	9163	XX	881.8	857.4	852.2
Juneau	3635	3534	3622	XX	15,908.3	15,467.8	15,853.5
Kake	7715	7502	7109	XX	1,504.4	1,462.7	1,386.3
Kenai	4096	3983	3900	XX	29,786.6	28,961.9	28,364.7
Ketchikan	3485	3389	3399	XX	8,277.8	8,048.5	8,072.6
King Cove	8790	8547	9376	XX	1,160.2	1,128.1	1,237.6
Klawock	8834	8590	7417	XX	1,086.6	1,056.5	912.3
Kodiak	5336	5188	5488	XX	11,856.0	11,527.7	12,194.3
Mat-Su	3657	3556	3504	XX	22,515.5	21,892.0	21,574.1
Nenana	9978	9702	10507	XX	1,297.1	1,261.2	1,365.9
Nome	7617	7406	7165	XX	5,803.9	5,643.2	5,459.7
North Slope	9138	8886	9202	XX	9,869.6	9,596.3	9,938.2
Pelican	11,858	11,530	12438	XX	664.0	645.7	696.5
Petersburg	4,149	4034	4049	XX	2,381.4	2,315.5	2,324.1
Sand Point	8738	8496	8283	XX	1,144.6	1,112.9	1,085.1
Sitka	3782	3678	3711	XX	6,357.3	6,181.3	6,238.2
Skagway	5507	5361	5379	XX	975.9	948.9	952.1
St. Mary's	15027	14612	14946	XX	2,088.8	2,030.9	2,077.5
Tanana	15350	14925	13361	XX	1,335.4	1,298.5	1,162.4
Unalaska	8558	8322	8210	XX	1,591.9	1,547.8	1,527.1
Valdez	4887	4752	4786	XX	4,491.2	4,366.8	4,398.3
Wrangell	4887	4753	4726	XX	2,067.4	2,010.1	1,999.1
Yakutat	8390	8159	7749	XX	1,392.8	1,354.2	1,286.3
TOTALS	4.024	3.913	3885	XX	313,137.2	304,466.4	302,304.8
Centralized Corres.	2.588	2.517	2580*	XX	2,1225	2,063.7	2,115.6*

\*correction

DEPARTMENT OF EDUCATION  
 REVIEW FOR SENATE HESS  
 USING FY84 ADM

REAA	\$ PER ADM			XXXXXX	TOTAL \$			
	100% Entitlement Current	97.2% Entitlement Current	HB 251		100% Entitlement Current	97.2% Entitlement Current	HB 251	HB 251 DL-874 Reductions
Adak	5834	5673	660-6643	XXXXXX	3,500.6	3,403.7	3,985.8	708.5
Alaska Gateway	8472	8238	8639	XXXXXX	3,990.3	3,879.8	4,069.0	278.8
Aleutian Region	15538	15108	16674	XXXXXX	2,097.7	2,039.6	2,251.0	141.8
Annette Island	5278	5132	6572	XXXXXX	1,783.8	1,734.5	2,221.3	573.1
Bering Strait	13138	12774	12197	XXXXXX	12,507.0	12,160.7	11,611.5	710.9
Chatham	8542	8297	8682	XXXXXX	2,303.7	2,239.9	2,344.1	207.0
Chugach	11352	11038	11758	XXXXXX	1,135.2	1,103.8	1,175.8	31.2
Copper River	7093	6897	7178	XXXXXX	4,057.3	3,945.0	4,105.8	197.6
Delta Greely	5536	5383	5915	XXXXXX	5,696.3	5,538.6	6,086.5	451.5
Iditarod	13984	13597	14972	XXXXXX	4,712.6	4,582.1	5,045.6	362.8
Kuspuk	15185	14765	16376	XXXXXX	5,026.3	4,887.1	5,420.5	438.9
Lake & Peninsula	16242	15793	15476	XXXXXX	5,424.9	5,274.7	5,169.0	499.2
Lower kuskokwim	10722	10424	11033	XXXXXX	26,060.0	25,338.4	26,821.2	2,142.5
Lower Yukon	9331	9071	9864	XXXXXX	12,995.4	12,635.6	13,740.6	1,790.5
Northwest Arctic	9265	9009	10387	XXXXXX	14,573.7	14,170.1	16,338.8	1,639.8
Pribilof	9888	9615	11475	XXXXXX	1,849.1	1,797.9	2,145.8	262.9
Railbelt	9623	9357	9551	XXXXXX	3,098.5	3,012.7	3,075.4	65.5
Southeast Island	8853	8608	9665	XXXXXX	3,877.4	3,770.1	4,233.3	422.2
Southwest Region	12991	12632	13305	XXXXXX	6,898.1	6,707.1	7,065.0	739.5
Yukon Flats	14686	14280	15498	XXXXXX	4,758.3	4,626.6	5,021.4	354.8
Yukon Koyukuk	12247	11908	13191	XXXXXX	6,540.0	6,358.9	7,044.0	757.1
TOTALS	10,066	9787	10,527	XXXXXX	132,886.2	129,206.9	138,971.4	
STATE TOTAL	4880	4745	4828 4689	XXXXXX	448,145.9	435,737.0	443,391.8	12,786.1

Less: PL-874 (Impact Aid Offset) for REAA's -- -- (12,786.1)  
 430,605.7

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE CS FOR CS HB 251 (HESS)  
 Title "AN ACT RELATING TO STATE SUPPORT FOR EDUCATION, AND PROVIDING FOR AN EFF. DATE  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF EDUCATION  
 Program Category Affected FOUNDATION FORMULA FUNDING  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.					\$448,000	
<b>TOTAL</b>					\$448,000	

FUNDING (Thousands of Dollars)

GENERAL FUND					\$448,000	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

THIS BILL ADDS \$17 MILLION TO THE GOVERNOR'S REVISED BUDGET OF \$431 MILLION IN FUNDING THE FOUNDATION FORMULA FOR FISCAL YEAR 84.

SECTION 2 OF THE BILL WOULD FREE UP \$4,403,818, WHICH IS PRESENTLY DISTRIBUTED TO SOME SCHOOL DISTRICTS UNDER DEFINITIONS OF INSTRUCTIONAL UNITS AVAILABLE FOR JUNIOR HIGH PROGRAMS, AND WOULD REDISTRIBUTE THOSE FUNDS UNDER THE FOUNDATION FORMULA STATEWIDE.

THERE WILL BE A FISCAL IMPACT IN 1985 OF UNDETERMINED AMOUNT IF THE DEPARTMENT DOES NOT RETURN TO THE LEGISLATURE WITH RECOMMENDATIONS ON FOUNDATION FUNDING BY JANUARY 9, 1984.

see attachment

IV. DATE APRIL 8, 1983 PREPARED BY JOE P. JOSEPHSON  
 AGENCY SENATE HESS COMMITTEE  
 Original: Legislative Finance PHONE 465-4907  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE SENATE HESS COMMITTEE SUPPORTS FULL FUNDING OF THE PUBLIC SCHOOL FOUNDATION PROGRAM IN THE INTERIM PERIOD WHILE THE PROGRAM IS BEING STUDIED. TESTIMONY PRESENTED TO THE COMMITTEE HAS POINTED OUT THE MASSIVE INCREASE IN LOCAL TAX BURDENS BROUGHT ABOUT IN THE PAST YEAR AND ANTICIPATED FOR FY 84 BY UNDERFUNDING.

COMMITTEE MEMBERS FEEL THAT BOROUGHES AND MUNICIPALITIES CANNOT BE EXPECTED TO SHOULDER THIS BURDEN IN ADDITION TO OTHER FINANCIAL RESPONSIBILITIES IMPOSED BY THE STATE. THE CONSTITUTION OF THE STATE OF ALASKA CLEARLY MANDATES STATE RESPONSIBILITY FOR THE ESTABLISHMENT AND MAINTENANCE OF A SYSTEM OF PUBLIC SCHOOLS OPEN TO ALL CHILDREN OF THE STATE. IN RECOGNITION OF FIXED COSTS (NEGOTIATED SALARY INCREASES, OPERATION AND MAINTENANCE), INFLATION AND THE LACK OF AN EQUITABLE FUNDING MECHANISM, THE STATE MUST BE UNWILLING TO CREATE FINANCIAL HARDSHIPS FOR ANY DISTRICTS.

THE SENATE HESS COMMITTEE SUPPORTS THE STUDY OF THE FOUNDATION FORMULA, EQUITABLE FUNDING FOR NEW STUDENTS DURING FISCAL YEAR 1984 AND REASONABLE START UP COST REIMBURSEMENT FOR NEW SCHOOLS COMING ON LINE.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE CS FOR CSHB 251 (HESS)

Title AN ACT RELATING TO STATE SUPPORT FOR EDUCATION; AND PROVIDING FOR AN EFFECTIVE DATE

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF EDUCATION

Program Category Affected FOUNDATION SUPPORT

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.					448,000	
TOTAL					448,000.	

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Senate Health, Education and Social Services Committee support full funding of the foundation formula in the interim period of study, since an equitable formulary for the distribution of funds to school districts and REAA's is unavailable.

The local tax base has been affected by reductions in school foundation funding as well as other results of falling revenues, and the Committee feels that no locality should be arbitrarily forced to raise their mil rate because the state has not dealt with obvious flaws in the foundation formula.

The constitution of the state of Alaska clearly mandates state responsibility in the establishment and operation of public schools open to all children in the state. The Senate HESS Committee supports the Foundation Study through the Department of Education and the passage of Senate CS for CS for HB 251, retaining the use of the Foundation Formula.

IV. DATE 4/13/83 PREPARED BY SENATE HESS COMMITTEE

AGENCY \_\_\_\_\_

Original: Legislative Finance PHONE 465-4907

cc: Budget and Management  
Prime Sponsor (First Legislator Named)

SENATE AMENDMENT

By JOSEPHSON

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1      LINE: 28

..OTHER INDEBTEDNESS [INCURRED] AUTHORIZED FOR SALE BY THE  
QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983...

SENATE AMENDMENT

By JOSEPHSON

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1      LINE: 15

DECEMBER 31, 1981, AND AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY PRIOR TO [BEFORE] JULY 1, 1983,

SENATE AMENDMENT

By JOSEPHSON

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1      LINE: 28

..OTHER INDEBTEDNESS [INCURRED] AUTHORIZED FOR SALE BY THE  
QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983...

# AMENDMENT

OFFERED IN THE HOUSE:

By: GILMAN

To: Senate CS for CS HOUSE BILL No. 251

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 24 through pg.2, 1.22.

Delete all material.

Page 1, line 24

Insert: "Section 2. The operation of AS 43.18.100 (a)(4)(A) is suspended with respect to payments made by a municipality for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after July 1, 1983 and before June 30, 1984 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000."

Renumber remaining sections accordingly.

---

Page 3, line 2

Delete "5 and 7"

Insert "4 and 6"

5/4/83

	AUDITED FY-82 ELIGIBILITY	ELIGIBILITY ON DEBT ISSUED AFTER 12/31/81	TOTAL FY-84 ELIGIBILITY
Anchorage	\$10,532,909	\$ 8,207,495	\$18,740,404
Bristol Bay Bor.	369,613		369,613
Cordova	99,681		99,681
Fbks N. Star Bor.	4,970,192	6,054,075	11,024,267
Galena	45,998		45,998
Haines Borough	93,688		93,688
C & B Juneau	1,377,557	5,872,993*	7,250,550
Kenai I. Bor.	6,087,170	<i>3,907,716</i>	<i>15,148,197</i>
Ketchikan Gate. B.	980,388		980,388
Kodiak I. Bor	1,683,285	1,512,900	3,196,185
Mat-Su Borough	5,191,266	5,007,420*	10,198,686
Nenana	9,956		9,956
North Slope Bor.	14,203,693	3,952,619	18,156,312
Petersburg	481,373	495,000*	976,373
C & B Sitka	1,019,581		1,019,581
Skagway	21,530		21,530
Unalaska	144,183		144,183
Valdez	3,117,975		3,117,975
Wrangell	111,516		111,516
Yakutat	49,423		49,423
	<hr/>	<hr/>	<hr/>
totals	\$50,590,977	<i>\$ 40,213,529</i>	<i>\$90,804,506</i>

\* Estimates of payments on authorized but as yet unsold issues.

TESTIMONY OF WAYNE E. TAYLOR,

SUPERINTENDENT

NENANA CITY PUBLIC SCHOOLS

TO: SENATE FINANCE COMMITTEE

ON: MAY 18th 1983

CONCERNING

HB-251

An Act Relating To  
State Support for Education  
and Providing for an Effective Date

The support for public schools in Alaska has been a much studied system dating back to territorial days at least from 1909. Then support for public schools was based upon 30% of the Alaska fund, which consisted of "all monies derived from and collected for liquor licenses, occupation, or trade licenses issued for areas outside incorporated towns in the District of Alaska", plus 50% of these licenses monies collected within the incorporated limits.<sup>1</sup> This type of funding was changed in 1917 due to the onset of Prohibition.<sup>2</sup>

The system of support has changed many times since 1917 and has evolved to our current system which was adopted by the Legislature in 1970 based upon a study called Final Report and Recommendations of the Advisory Council on State Financial Support to Public Schools, Juneau, Alaska, January 1970.

The system was basically aimed at cities and boroughs as the uporganized areas were run by the State Operated School System, which worked on a grant basis. The Rural Education Attendance Areas did not exist as we know them today, as well as the very small high schools (Hotch Schools - Tobluk Descent Decree) were not in existence at that time.

There have been a number of other studies done of school finance in Alaska, some of these being:

1. School Finance in Alaska, An Overview of Current Issues, Sources and Distribution of Funds for Public Center for Northern Educational Research, UAF, Fairbanks, AK 1976.
2. Alaska Interregional Cost Differentials Center for Northern Educational Research, The Northern Institute, UAF, Fairbanks, AK 1977.
3. Strengthening the Alaska Public School Foundation Support Program, The Northern Institute, Anchorage, AK 1979.
4. Area Differential Study, Homan-McDowell Association, Juneau, AK 1981.

Usually each time a study is done a legislative law change is made to account for the different recommendations. Unfortunately, only parts of the recommendations are taken and made into law leaving a sometimes haphazard system of finance. This has happened in the past, which has had the effect of a band-aid approach to keeping the current law valid.

In the study done by the task force in 1979, they made eight (8) recommendations.<sup>3</sup> They were followed, not followed or altered by the legislature in the following ways:

1. Equalization - Altered by the legislative process, but adopted.
2. Area Differential - Recommended a study - Did fund - Homan-McDowell Study - 1981, but then ignored and shelved.
3. Method of determining elementary schools count - adopted.
4. Secondary Schools Foundation Units - Altered by legislature and adopted.
5. Vocational Education Foundation Units - Ignored.
6. Special Education Foundation Units - Ignored.
7. Bilingual Education Foundation Units - Ignored
8. Junior High Definition - altered by Legislature and adopted.

We have an excellent funding program based on the current system and Nenana City Public Schools would hate to see changes made which are not based on a full study of our current system. The most rational approach would be to fund the study of our system and then utilize that study for making recommended changes in the next legislative system.

To give you an example of what may happen to a district when funding sources have changed, let us go back to 1977 when the area differentials were changed and the REAA's were created.

The Legislature restructured the area differentials based upon a study done by the Center for Northern Educational Research, which changed most school districts area differential (cost of doing business using Anchorage as a base). Nenana was reduced in area differential by 13 3/4%. This froze the districts amount of money for three years until the cost of living raises reached that amount. By using our savings account and cutting back on maintenance, teaching supplies, textbooks and salaries, we were able to survive until FY-80. By the end of that year, we were broke and could not meet our required payments in May, June, and July due to a severe cash flow problem. I testified before both the House and Senate Committees and we received two supplementals, until the problem was solved by different means. We were called a legislative oversight district. One supplemental was for \$101,000, and the other was for \$70,000. The problem has never really been cured because our area differential is too low. It should be between 127% and 130% and not 120%. We received relief in a number of ways.:

1. The two supplementals.
2. Equalization went into affect, which was a big factor.
3. We applied for and received approval of our Junior High Program by the Department of Education.

Nenana City Public Schools, it's school board and the community residents urge defeat for HB-251 as written and change it to fund only the study and delete the sections on funding by average daily membership, and eliminate the Junior High funding, for Junior High s under 50.

We have been the victims of a legislative action one in recent history and we would hate to see something similar happen again to one or more districts in the state.

1. Report of the Commissioner for Education for the year ending June 30, 1918.
2. Ibid, page 27.
3. Strengthening the Alaska Public School Foundation Support Program, Northern Institute, 1979.
4. Alaska Interregional Cost Differentials, An Examination of Costs of Living, Public School Foundation Program, Instructional Unit Allotments and School Operational Costs in Alaska. Center for Northern Educational Research, UAF, Fairbanks, AK, March 1977.

SENATE AMENDMENT

By GILMAN

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_  
To: Senate CS for CS HOUSE BILL No. 251

PAGE: 1      LINE: 9 through page 2, line 22.

Delete all material

Page 1, line 9

Insert: "\*Section 1. The operation of AS 43.18.100(a)(4)(A) is suspended with respect to payments made by a municipality for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after July 1, 1983 and before June 30, 1984 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000."

Renumber remaining sections accordingly.

Page 2, line 28:

Delete "5"

Insert "3"

# ALASKA STATE SENATE

JOE P. JOSEPHSON  
DISTRICT G ANCHORAGE  
1526 F STREET  
ANCHORAGE ALASKA 99501  
(907) 277-4419



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4907  
(907) 465-4521

COMMITTEES  
HEALTH EDUCATION & SOCIAL SERVICES (CHAIR)  
JUDICIARY (VICE-CHAIR)  
FINANCE  
MAJORITY CAUCUS (CHAIR)

May 12, 1983

Representative Milo Fritz  
Representative Mae Tischer  
Co-Chairpersons, HESS Committee  
House of Representatives  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Milo and Mae:

1. Meeting with Commissioner Raynolds. I have tentatively scheduled a meeting with the Commissioner of Education, Dr. Raynolds, to be conducted next Wednesday, at 3:00 p.m. (May 18, 1983). I would welcome your Committee's attendance and participation.

This cabinet member does not require legislative confirmation, because the appointment comes from the Board of Education and not the Governor. However, Dr. Raynolds concurs that an opportunity to meet legislators, to hear our concerns and to respond to our questions, would be helpful to him.

2. The Condition of Public Education in Alaska. Recently, as you know, the President has received, from the National Commission on Excellence in Education, a report on the condition of America's public schools. It occurs to me that Alaskans deserve an opportunity to review and consider the condition of Alaska's public schools, especially in light of the millions of dollars of state and local expenditures here. How well are Alaska students performing? What are the trends in performance? Are there specific subjects in which Alaska students are weak or strong? Can the legislature help by changes to Title 14? Are any of the recommendations of the National Commission applicable here, e.g., changes in school hours or the length of the school year? In the light of the Commission's findings, and other data and opinion, is our curriculum sufficiently "basic," or is it the "smorgasbord" of electives of which the Commission complained?

I am exploring the possibility of a statewide conference on these and other subjects relating to education, to be conducted in Anchorage in late summer or fall. I am communicating with Professor Mortimer Adler (see attachment) to ascertain his availability to address such a conference.

Representative Milo Fritz  
Representative Mae Tischer  
May 12, 1983  
Page Two

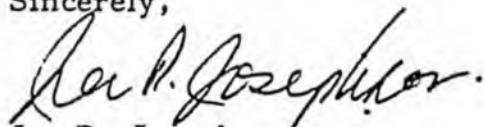
Possibly, some people will see a proposed review of the effectiveness of Alaska schools as unwelcome.

However, I believe that we owe to taxpayers and students alike some better understanding of the goals and objectives of public education, the way in which public money is expended, and the interaction between legislative policy and what happens in the classroom.

Your comments or suggestions, or reactions, would be deeply appreciated. I am also inviting Dr. Reynolds to comment.

With best wishes, I am

Sincerely,



Joe P. Josephson  
Senator

Enclosure

cc: Commissioner Harold Reynolds  
Senator Jay Kerttula

## EDUCATION

# Can the Schools Be Saved?

The Commission on Excellence delivers a scathing report, but there is one glimmer of good news: in several states, the necessary repairs have already begun.

The writing on the blackboard in Washington last week was bleak. In an "open letter to the American people," The National Commission on Excellence in Education stated bluntly that "a tide of mediocrity" has devastated public education. It likened the shambles to "an act of war." "We have in effect," warned the report, "been committing an act of unthinking, unilateral educational disarmament." The commission's findings, based on 18 months of study, were frightening indeed:

- The quality of teaching in public schools across the nation is woefully inadequate, and there is a dire shortage of math and science teachers in nearly all 50 states.
- In secondary schools, a "smorgasbord" of electives has subverted traditional academic standards, pandering to students who have increasingly abandoned academic and vocational studies for "general track" courses like "Training for Adulthood."
- Only one year of math and one year of science are required for a high-school diploma in 70 percent of the states, and none has a foreign-language requirement.
- One-fifth of all four-year state colleges must admit anyone with a high-school diploma. Twenty-nine percent of colleges that are selective became less so over the last decade, and in many others "maintaining enrollments is of greater day-to-day concern than maintaining rigorous academic standards."
- On most levels, U.S. students suffer in comparison with those in other industrialized nations at a time when American standing in world markets, in terms of both products and ideas, is threatened.

The sum of this report is that one of the fondest assumptions of American life—progress from one generation to the next—has been nearly shattered. "Each generation of Americans has outstripped its parents in education, in literacy and in economic attainment," the report notes. "For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents." The gains inspired by the challenge of sputnik a quarter of a century ago have been squandered, leaving a generation of


young people ill prepared for the new era of technology and global competition. Even the level of shared education essential to a free, democratic society may be threatened if the decline is not reversed. At risk, the commission's report concluded, is "our

hour school days and school years lengthened to at least 200 days from the current average of 180. The commission wants higher academic standards for teaching candidates, teacher salaries that are professionally competitive and based on performance, 11-month teacher contracts, grant and loan incentives to attract better teachers, and a "career ladder" leading up to the status of master teacher.

The only good news in all this is that the commission's call to action has been anticipated in some quarters around the country. "There are indications that what the commission wants is already under way," says Scott Thomson of the National Association of Secondary School Principals (NASSP). "The whole landscape has changed. There has been a real shift in public opinion on the importance of schools." For many of the same reasons cited by the commission—the dawning of the computer age, the economic challenge of other countries, just plain intolerance of shoddy education—the public is rallying to the cause of quality. A dozen governors are planting flags on the issue of education—James Hunt establishing a science and math magnet school in North Carolina (page 52), William Winter haranguing the Mississippi Legislature into funding kindergarten classes, Lamar Alexander stirring up Tennessee over his master-teacher plan. State and local officials are raising the standards for a high-school diploma, and 27 states are making it tougher for students to get into their state universities. Large corporations are sending money and manpower into public-school systems, and parents and civic leaders are banding together to raise funds for their schools.

The commission's conclusions, for instance, are old news to everyone at Bret Harte Preparatory Intermediate School in Los Angeles. Just a few blocks from the guns and gangs of Watts, the school seems like Disneyland in comparison to its surroundings. There is no litter or graffiti. Even

*'Adopt-a-School' class visiting lab in Memphis, students boning up at Piedmont High and Quirk astronomy teacher with space shuttle model: 'Pockets of excellence'*



"If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war."

very future as a Nation and a people."

How we got into this mess is less important than how to get out of it, and the commission recommends a host of reforms. It suggests compulsory instruction in what it calls "the new basics": four years of English, three years of math, science and social studies and a half year of computer science for all students, plus two years of foreign-language study recommended for the college-bound. It calls for colleges to raise admissions standards and schools to set up a gauntlet of standardized achievement tests. It urges school districts to consider seven-