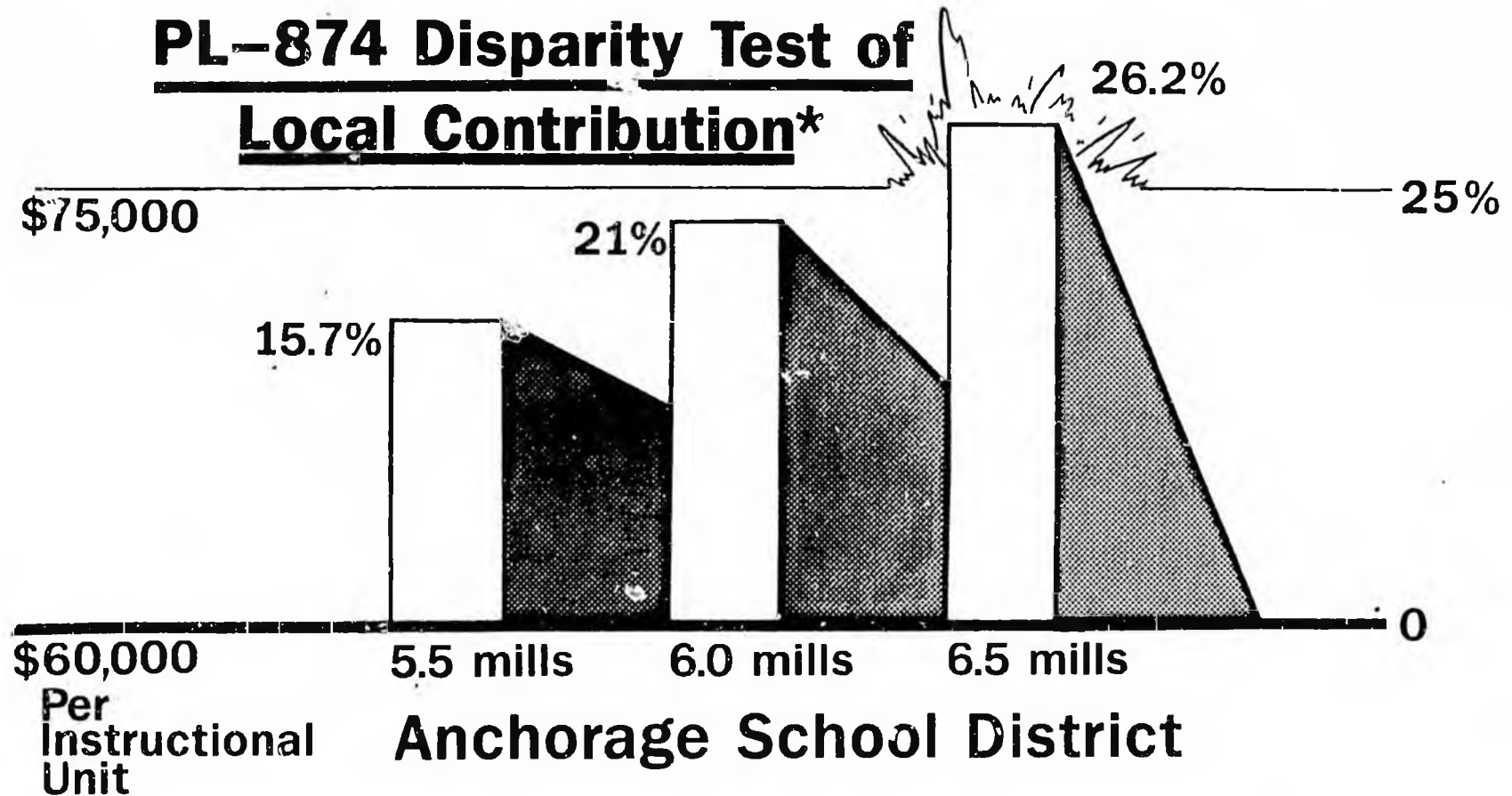


ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4528 HHS HB 126 - HB 130

100

# PL-874 Disparity Test of Local Contribution\*



**Anchorage School District**

- \*Local Taxes
- \*In-Kind Services
- \*Interest Earnings
- \*State Tuition

Governor's Public School Foundation Funding Proposal

HB 126/SB 119

3/3/87

Column explanations for attached data packet:

Data Sheets

Page 1 Projected FY 88 average daily membership (ADM), instructional units, and area cost differential  
Total adjusted units = total units x area cost differential

Page 2 Vocational education program categories for funding based upon level of cost with Category 4 being highest cost programs.  
Weighting factors for each program category are listed as follows:

<u>Category</u>	<u>Weighting</u>
4	0.8
3	0.6
2	0.4
1	0.2

Page 3 State, Local, and Federal Shares of Basic Need

<u>Column</u>	<u>Description</u>
B	Basic Need = Columns E + I + K
E	Required Local Effort = Lessor of Column D (35% of Basic Need) or production of 4 mill tax levy (.004 times Column S, p.6)
I	Deductible PL 874 = 90% times Column H times Column G
K	State Aid = Basic Need (B) minus Required Local Effort (E) minus Deductible PL 874 (I)
L	Basic Need per unit. This column is equal to \$60,000 for each district since every unit is worth \$60,000 Column L = (Columns M + N + O)
M	Required Local Effort per unit
N	Deductible PL 874 per unit
O	State Aid per unit

## Calculation of State Aid

<u>Column</u>	<u>Description</u>
B	Total Adjusted Units (p.1) x \$60,000 Column B = (Columns E + I + K)
C	65% of Column B
D	35% of Column B
E	Production of 4 mill tax levy or 35% of Basic Need (from Column D), whichever is less
F	Column D minus Column E; Column represents State Aid required in addition to required Local Effort to make up 35% of Basic Need
G	FY 86 PL 81-874 revenue excluding amount received for special education students
H	Percentage of eligibility of PL 81-874 revenues which legally can be deducted in State Funding Plan (Column E/Column Q)
I	90% times Column H times Column G
J	Column C minus Column I; Column represents State Aid required in addition to deductible PL 874 to make up 65% of Basic Need
K	Total State Aid Column K = (Columns F + J)

## Hold Harmless Calculations

<u>Column</u>	<u>Description</u>
AA	FY 87 average daily membership (ADM) from first student count period.
BB	FY 88 projected ADM submitted by districts.
CC	FY 87 Total Revenue for Hold Harmless is equal to sum of 1) FY 87 estimated state foundation including 80% distribution of Secondary Formula Account to city/borough school districts (Column GG), 2) deductible PL 874 revenue (Column I), and 3) FY 87 local contribution limited to amount of 35% Basic Need or 4 mill levy, whichever is lessor (Column P, p.6)

## Hold Harmless Calculations (Continued)

- DD Percentage figure equal to FY 88 Basic Need (Column B) divided by Column CC adjusted for ADM (Column BB/Column AA)
- EE 80% of Column CC adjusted for ADM. FY 88 Basic Need is compared to this figure
- FF Column EE minus Column B. Positive numbers indicate amounts where there is possible eligibility for Hold Harmless assistance
- GG FY 87 estimated State foundation including 80% distribution of Secondary Formula Account for cities/boroughs
- HH Percentage figure equal to FY 88 State Aid (Column K) divided by Column GG adjusted for ADM (Column BB/Column AA)
- II 90% of Column GG adjusted for ADM. FY 88 State Aid is compared to this figure
- JJ Column II minus Column K. Positive numbers indicate amounts where there is possible eligibility for Hold Harmless assistance
- KK Hold Harmless amounts equal to lessor of amounts in Column FF or Column JJ. Only positive amounts are listed

## Disparity Information

<u>Column</u>	<u>Description</u>
P	FY 87 local contribution (including "in-kind," earnings on investments, and state tuition payments) capped at 35% of Basic Need or 4 mill levy, whichever is lessor
Q	Estimated FY 88 local revenue (including "in-kind," earnings on investments, and state tuition payments) with a minimum value of 35% of Basic Need or 4 mill levy, whichever is lessor, and maximum value of 5.5 mill production
E	See description on p.3
S	100% full and true value of assessed property prepared by DCRA
T	Production of 1 mill per unit
U	Production of 1.5 mills per unit
V	Production of 2.0 mills per unit

Local Property Wealth and Fiscal Equalization

Columns, T, U, and V provide relevant data for calculating disparity percentages under PL 81-874 requirements. With the proposed foundation funding plan equalized at \$60,000 per unit, a maximum of \$15,000 disparity (25%; 15,000/60,000) is permitted under Federal PL 874 requirements between the districts at the 5th and 95th percentiles. Anchorage is at one extreme with \$12,565 per unit with a 2 mill maximum leeway. The bill permits only 1.5 mill leeway or \$9,424 per unit (15.7% disparity; 9,424/60,000)

	<u>Equalized Per Unit</u>	<u>1.5 Mills Per Unit</u>	<u>2.0 Mills Per Unit</u>
North Slope	60,000	164,984	199,978
Valdez	60,000	86,968	95,958
Anchorage	60,000	69,424	72,565
...	...	...	...
...	...	...	...
...	...	...	...
REAA	60,000	60,000	60,000

STATE OF ALASKA-DEPARTMENT OF EDUCATION  
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL  
 CALCULATIONS USE THE PROJECTED ADM AS PHONE SURVEY 2/18/87  
 PREPARED 3/02/87 HB126/SB119

SCHOOL DISTRICT	FY88 PROJECTED ADM	- 12	B1/B1	SPECIAL EDUCATION	VOC ED	TOTAL UNITS	AREA COST DIFF.	ADJUSTED UNITS
ADAK	600	45.51	1.00	4.83	1.00	51.34	1.27	66.47
ALASKA GATEWAY	523	62.14	1.00	5.54	1.00	61.68	1.16	80.83
ALEUTIAN REGION	90	18.93	0.00	1.00	1.00	20.93	1.27	26.58
ANCHORAGE	38874	2,609.46	40.24	396.22	32.94	3,078.86	1.00	3,078.86
ANNETTE ISLAND	432	34.80	1.00	4.21	1.00	41.01	1.00	41.01
BERING STRAIT	1251	156.81	11.69	12.74	2.19	183.43	1.34	245.79
BRISTOL BAY	231	23.40	1.00	2.22	1.00	27.62	1.27	35.08
CHATHAM	310	41.29	0.00	3.47	1.00	45.76	1.00	45.76
CHUGACH	132	22.04	0.00	1.00	1.00	24.04	1.11	26.69
COPPER RIVER	561	63.77	1.00	5.71	1.00	71.48	1.11	79.35
CORDOVA	431	34.73	0.00	3.86	1.00	39.59	1.11	43.95
CRAIG	219	20.60	0.00	1.84	1.00	23.44	1.00	23.44
DELTA GREELY	1027	74.10	0.00	8.91	1.53	84.54	1.16	98.07
DILLINGHAM	469	37.27	1.00	3.60	1.00	42.87	1.27	54.44
FAIRBANKS	13158	905.98	5.90	123.81	12.61	1,048.30	1.04	1,090.23
GALENA	172	17.47	0.00	1.14	1.00	19.61	1.30	25.49
HAINES	360	32.96	1.00	2.96	1.00	37.92	1.05	39.81
HOONAH	235	21.67	0.00	2.79	1.00	25.46	1.05	26.73
HYDABURG	108	13.00	1.00	1.65	1.00	16.65	1.00	16.65
IDITAROD	392	56.24	1.00	3.97	1.00	62.21	1.30	80.88
JUNEAU	4244	287.24	1.26	52.23	5.14	345.87	1.00	345.87
KAKE	178	17.87	0.00	3.37	1.00	22.24	1.00	22.24
KASHUNAMIUT	189	18.60	2.27	2.53	1.00	24.40	1.30	31.72
KENAI	8414	645.39	10.03	77.16	12.85	745.43	1.00	745.43
KETCHIKAN	2450	170.58	1.00	23.42	3.10	198.10	1.00	198.10
KING COVE	133	14.87	0.00	2.44	1.00	18.31	1.27	23.25
KLAWOCK	168	17.20	0.00	3.07	1.00	21.27	1.00	21.27
KODIAK	2319	192.25	1.93	29.55	2.35	226.08	1.09	246.43
KUSPUK	371	53.53	1.50	3.67	1.04	59.74	1.30	77.67
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.27	86.66
LOWER KUSKOKWIM	2692	288.96	54.95	28.21	3.06	375.18	1.38	517.75
LOWER YUKON	1343	148.81	6.80	17.98	2.46	176.05	1.30	228.86
MAT-SU	8940	639.69	1.10	65.40	9.83	716.02	1.00	716.02
NENANA	208	19.87	1.00	2.19	1.00	24.06	1.20	28.87
NOME	759	56.47	1.00	5.80	1.00	64.27	1.34	86.12
NORTH SLOPE	1231	120.05	5.30	9.20	2.00	136.55	1.42	193.90
NORTHWEST ARCTIC	1637	166.49	7.14	15.23	1.73	190.59	1.42	270.63
PELICAN	54	8.25	0.00	1.00	1.00	10.25	1.05	10.76
PETERSBURG	597	45.80	1.00	6.17	1.00	53.97	1.00	53.97
PRIBILOF	152	19.44	1.00	2.05	1.00	23.49	1.27	29.83
RAILBELT	346	39.66	0.00	2.12	1.00	42.78	1.20	51.33
SAND POINT	135	15.00	0.00	1.53	1.00	17.53	1.27	22.26
SITKA	1637	113.77	1.00	17.59	1.62	133.98	1.00	133.98
SKAGWAY	136	15.07	0.00	1.00	1.00	17.07	1.05	17.92
SOUTHEAST ISLAND	435	72.42	0.00	3.16	1.00	76.58	1.00	76.58
SOUTHWEST REGION	491	67.47	9.08	3.66	1.00	81.21	1.27	103.13
ST. MARY'S	125	14.33	1.00	1.11	1.00	17.44	1.30	22.68
TANANA	86	11.17	1.00	1.00	1.00	14.17	1.30	13.42
UNALASKA	170	17.33	1.00	1.09	1.00	20.42	1.27	25.94
VALDEZ	760	57.47	0.00	26.32	1.06	84.85	1.11	94.18
WRANGELL	497	38.89	0.00	6.52	1.00	46.41	1.00	46.41
YAKUTAT	147	15.80	0.00	1.72	1.00	18.52	1.05	19.45
YUKON FLATS	390	58.76	1.00	4.22	1.00	64.98	1.42	92.27
YUKON-KOYUKUK	556	77.95	1.00	5.57	1.15	85.67	1.30	111.37
YUPIIT	281	35.32	6.61	2.58	1.00	45.51	1.30	59.16

TOTALS 102,205 7,936.54 186.80 1,024.85 134.76 9,282.95 10,056.54

VOCATIONAL EDUCATION FUNDING

Weighting  
Factor

.8 Category 4 contains three programs: Graphics, Secretarial & Word Processing and Construction Trades. Equipment, utilities, maintenance, student supplies and instructional materials make these the most costly vocational programs to operate.

.6 Category 3 contains nine programs: Agricultural Production, Welding, Industrial Education, Woodworking, Automobile Mechanics, Electrical Technician, Drafting, Fisheries and Diesel Engine Mechanics. The extra costs for these programs average 75% of Category 4 programs.

.4 Category 2 contains seven programs: Aircraft Mechanics, Communication Technologies, Commercial Photography, Agriculture Mechanics, Accounting & Related, Small Engine Mechanic and Automotive Body Repair. The extra costs for these programs average 50% of those programs in Category 4.

.2 Category 1 contains 16 programs: Health, Consumer & Homemaking, Horticulture, Commercial Art, Clothing & Textiles, General Marketing, Food Production, Renewable & Natural Resources, Forestry, Agriculture Services & Supplies, Transportation & Travel, Wildlife Management, Business Management, Child Care Management and Surveying. The extra costs for these programs average 25% of those programs in Category 4.

Note: The extra costs for the vocational programs were taken from the raw data collected for the Resource Cost Model. An amortization schedule of 7 years was used for the equipment.

DEPARTMENT OF EDUCATION  
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL  
98119/8126 MARCH 2, 1987

Page 3

A B E I K L H N O

SCHOOL DISTRICT	F188 PROJECTED REQUIRED		DEDUCTIBLE		F188 PROPOSED		BASIC NEED REQ. LOCAL		PL37A		FY 98	
	BASIC NEED	LOCAL EFFORT	PL37A	PL37A	STATE AID	PER UNIT	EFFORT PER UNIT	LOCAL PER UNIT	DEDUCTIBLE PER UNIT	STATE AID PER UNIT	PER UNIT	PER UNIT
ADAK	13,988,200		11,792,533		12,195,567	160,000	10	126,969		133,031		
ALASKA GATEWAY	14,849,800		1626,475		14,223,325	160,000	10	17,751		152,249		
ALEUTIAN REGION	11,594,800		1294,602		11,300,198	160,000	10	111,084		148,916		
ANCHORAGE	1184,731,600	164,656,060	1254,290		1119,821,250	160,000	10	163		138,917		
ANNETTE ISLAND	12,460,600		11,406,636		11,053,764	160,000	10	134,305		125,695		
BERING STRAIT	114,747,400		14,199,777		110,548,091	160,000	10	117,085		142,915		
BRISTOL BAY	12,104,800	1406,164	1258,914		11,439,722	160,000	10	17,381		141,041		
CHATHAM	12,745,600		1782,844		11,962,752	160,000	10	117,109		142,892		
CHESLACH	11,601,400		1182,156		11,419,244	160,000	10	16,825		153,175		
COPPER RIVER	11,761,000		1397,942		14,363,058	160,000	10	15,015		154,985		
CORODVA	12,637,000	1495,929	113,925		12,127,166	160,000	10	111,284		148,399		
COAIG	11,406,400	1119,219	124,325		11,232,856	160,000	10	16,366		152,596		
DELTA GREELY	15,884,200		11,042,286		14,841,914	160,000	10	110,628		149,372		
DILLINGHAM	13,266,400	1430,063	1298,915		12,537,422	160,000	10	15,491		146,610		
FAIRBANKS	165,413,800	118,907,656	10		146,506,144	160,000	10	117,343		142,657		
GALENA	11,529,400	180,428	1443,016		11,005,956	160,000	10	13,155		139,465		
HAINES	12,388,600	1390,486	134,061		11,964,053	160,000	10	19,809		149,336		
HOONAH	11,603,800	1116,950	1190,808		11,296,042	160,000	10	14,375		148,486		
HYDABURG	1999,000	153,671	1112,953		1945,329	160,000	10	13,223		155,777		
IDITAROD	14,852,800		1649,587		14,003,213	160,000	10	110,504		149,496		
JUNEAU	120,752,200	16,755,969	120,603		113,975,628	160,000	10	119,533		140,407		
KAKE	11,334,400	148,754	1267,515		11,018,131	160,000	10	12,192		145,779		
KASHIMARTUT	11,903,200		1468,907		11,404,293	160,000	10	115,728		144,272		
KENAI	144,785,800	115,621,367	1112,953		128,991,480	160,000	10	120,956		138,892		
KETCHIKAN	111,886,000	13,617,536	15,272		18,263,192	160,000	10	118,261		141,712		
KING COVE	11,395,000	197,566	1138,005		11,159,429	160,000	10	14,196		149,868		
KLADICK	11,276,200	123,366	1210,197		11,042,639	160,000	10	11,098		149,019		
KOOTAK	114,785,800	12,209,790	1137,297		112,438,713	160,000	10	18,967		150,476		
KUSPRUK	14,660,200		11,212,998		13,447,202	160,000	10	115,617		144,383		
LAKE & PENINSULA	15,199,600		11,036,868		14,162,752	160,000	10	111,965		148,035		
LOWER KUSKOKVIM	131,065,000		15,930,968		125,134,012	160,000	10	111,455		148,545		
LOWER YUKON	113,731,600		14,533,701		19,097,899	160,000	10	120,247		139,753		
NAI-SU	142,961,200	110,867,024	118,221		132,075,955	160,000	10	115,177		144,798		
NEENAH	11,732,200	172,398	14,854		11,654,918	160,000	10	12,508		157,323		
NOPE	15,167,200	1606,540	173,912		14,486,748	160,000	10	17,043		1858		
NORTH SLOPE	111,634,000	14,071,900	11,037,162		16,524,938	160,000	10	121,000		15,349		
NORTHEAST ARCTIC	116,237,800	1940,181	13,018,789		112,278,830	160,000	10	13,474		111,155		
PELICAN	1445,600	159,950	10		1585,650	160,000	10	15,572		154,428		
PETERSBURG	13,236,200	1541,421	16,094		12,690,684	160,000	10	1113		149,855		
PRIBILOF	11,789,800		1602,752		11,127,048	160,000	10	120,206		139,794		
RAILBELT	13,079,800		10		13,079,800	160,000	10	10		160,000		
SAND POINT	11,335,600	1298,564	10		11,037,036	160,000	10	113,413		146,587		
SITKA	18,038,800	11,764,700	178,601		16,195,499	160,000	10	113,171		1587		
SKAGWAY	11,075,200	1236,146	10		1839,054	160,000	10	113,178		146,822		
SOUTHEAST ISLAND	14,594,800		1764,212		13,830,588	160,000	10	19,979		150,021		
SOUTHWEST REGION	16,187,800		11,645,217		14,542,583	160,000	10	115,953		144,047		
ST. MARY'S	11,360,800	117,805	1255,752		11,087,243	160,000	10	1785		167,938		
TANANA	11,106,200	147,021	1186,392		1871,787	160,000	10	12,553		147,328		
UNALASKA	11,556,400	1382,258	1168,433		11,005,709	160,000	10	116,756		16,493		
VALDEZ	15,650,800	11,977,780	110,080		13,662,940	160,000	10	121,000		1107		
WARRELL	12,784,600	1434,682	11,573		12,348,345	160,000	10	19,366		154		
YAKUTAT	11,167,000	172,547	156,387		11,038,066	160,000	10	13,730		12,899		
YUKON FLATS	15,536,200		1703,867		14,832,333	160,000	10	10		17,628		
YUKON-KOTIKUK	16,682,200		11,454,300		15,227,900	160,000	10	113,058		116,942		
YUPIIT	13,549,600		11,043,126		12,506,174	160,000	10	117,632		142,368		

STATEWIDE

TOTALS	1603,392,400	1136,451,890	138,427,966		1428,512,546			113,569		142,510		
								AVERAGE		PERCENTAGE		
								22.64		5.44		71.04

A	B	C	D	E	F	G	H	I	J	K
SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED 160,000	65% OF BASIC NEED	35% OF BASIC NEED	REQUIRED LOCAL EFFORT	50% BASIC NEED MINUS REQ. LOC. EFF	FY86 PL87% LESS SP. ED.	PL97% PERCENTAGE	DEDUCTIBLE PL87%	65% BASIC NEED LESS DEDUC. PL87%	FY88 PROPOSED STATE AID
ADAK	\$3,988,200	\$2,592,330	\$1,395,870		\$1,395,870	\$1,991,814	100.00%	\$1,792,633	\$799,697	\$2,195,567
ALASKA GATEWAY	\$4,849,800	\$3,152,370	\$1,697,430		\$1,697,430	\$693,083	100.00%	\$626,475	\$2,525,895	\$4,223,325
ALEUTIAN REGION	\$1,594,800	\$1,036,620	\$558,180		\$558,180	\$327,336	100.00%	\$294,602	\$742,018	\$1,300,198
ANCHORAGE	\$184,731,600	\$120,075,540	\$64,656,060	\$64,656,060	\$0	\$313,816	90.04%	\$254,290	\$119,821,250	\$119,821,250
ANNETTE ISLAND	\$2,460,600	\$1,599,190	\$861,210		\$861,210	\$1,563,151	100.00%	\$1,406,836	\$192,554	\$1,053,764
BERING STRAIT	\$14,747,400	\$9,585,810	\$5,161,590		\$5,161,590	\$4,665,899	100.00%	\$4,199,309	\$5,386,501	\$10,548,091
BRISTOL BAY	\$2,104,800	\$1,368,120	\$736,680	\$406,164	\$330,516	\$287,682	100.00%	\$258,914	\$1,109,206	\$1,439,722
CHATHAM	\$2,745,600	\$1,784,640	\$960,960		\$960,960	\$869,831	100.00%	\$782,848	\$1,001,792	\$1,962,752
CHUGACH	\$1,601,400	\$1,040,910	\$560,490		\$560,490	\$202,395	100.00%	\$182,156	\$858,754	\$1,419,244
COPPER RIVER	\$4,761,000	\$3,094,650	\$1,666,350		\$1,666,350	\$442,158	100.00%	\$397,942	\$2,696,708	\$4,363,058
CORDOVA	\$2,637,000	\$1,714,050	\$922,950	\$495,929	\$427,021	\$21,274	72.73%	\$13,925	\$1,700,125	\$2,127,146
CRAIG	\$1,406,400	\$914,160	\$492,240	\$149,219	\$343,021	\$27,028	100.00%	\$24,325	\$889,835	\$1,232,856
DELTA GREELY	\$5,884,200	\$3,824,730	\$2,059,470		\$2,059,470	\$1,158,096	100.00%	\$1,042,286	\$2,782,444	\$4,841,914
DILLINGHAM	\$3,266,400	\$2,123,160	\$1,143,240	\$430,063	\$713,177	\$332,128	100.00%	\$298,915	\$1,824,245	\$2,537,422
FAIRBANKS	\$65,413,800	\$42,518,970	\$22,894,830	\$18,907,656	\$3,987,174	\$0	72.73%	\$0	\$42,518,970	\$46,506,144
GALENA	\$1,529,400	\$994,110	\$535,290	\$80,428	\$454,862	\$539,956	91.16%	\$43,016	\$551,094	\$1,005,956
HAINES	\$2,388,600	\$1,552,590	\$836,010	\$390,486	\$445,524	\$38,911	97.26%	\$34,061	\$1,518,529	\$1,964,053
HOONAH	\$1,623,800	\$1,042,470	\$561,330	\$116,950	\$444,380	\$212,009	100.00%	\$190,808	\$851,662	\$1,296,042
HYDABURG	\$999,000	\$649,350	\$349,650	\$53,671	\$295,979	\$0	100.00%	\$0	\$649,350	\$945,329
IDITAROD	\$4,852,800	\$3,154,320	\$1,698,480		\$1,698,480	\$943,966	100.00%	\$849,587	\$2,304,733	\$4,003,213
JUNEAU	\$20,752,200	\$13,488,930	\$7,263,270	\$6,755,969	\$507,301	\$31,360	73.00%	\$20,603	\$13,468,327	\$13,975,628
KAKE	\$1,334,400	\$867,360	\$467,040	\$48,754	\$418,286	\$408,699	72.73%	\$267,515	\$599,845	\$1,018,131
KASHUNAMIUT	\$1,903,200	\$1,237,080	\$666,120		\$666,120	\$554,341	100.00%	\$498,907	\$738,173	\$1,404,293
KEHAI	\$44,725,800	\$29,071,770	\$15,654,030	\$15,621,367	\$32,663	\$147,009	85.37%	\$112,953	\$28,958,817	\$28,991,480
KETCHIKAN	\$11,886,000	\$7,725,900	\$4,160,100	\$3,617,536	\$542,564	\$8,055	72.73%	\$5,272	\$7,720,628	\$8,263,192
KING COVE	\$1,395,000	\$906,750	\$488,250	\$97,566	\$390,684	\$153,339	100.00%	\$138,035	\$768,745	\$1,159,429
KLAMOCK	\$1,276,200	\$829,530	\$446,670	\$23,364	\$423,306	\$294,169	79.39%	\$210,197	\$619,333	\$1,042,639
KOOTNA	\$14,785,800	\$9,610,770	\$5,175,030	\$2,209,790	\$2,965,240	\$152,552	100.00%	\$137,297	\$9,473,473	\$12,438,713
KUSPUK	\$4,660,200	\$3,029,130	\$1,631,070		\$1,631,070	\$1,347,775	100.00%	\$1,212,998	\$1,816,132	\$3,447,202
LAKE & PENINSULA	\$5,199,600	\$3,379,740	\$1,819,860		\$1,819,860	\$1,152,053	100.00%	\$1,036,848	\$2,342,892	\$4,162,752
LOWER KUSKOKWIM	\$31,065,000	\$20,192,250	\$10,872,750		\$10,872,750	\$6,589,987	100.00%	\$5,930,988	\$14,261,262	\$25,134,012
LOWER YUKON	\$13,731,600	\$8,925,540	\$4,806,060		\$4,806,060	\$5,148,557	100.00%	\$4,633,701	\$4,291,839	\$9,097,899
MAT-SU	\$42,961,200	\$27,924,780	\$15,036,420	\$10,867,024	\$4,169,396	\$27,837	72.73%	\$18,221	\$27,906,559	\$32,075,955
NEENAH	\$1,732,200	\$1,125,930	\$606,270	\$72,398	\$533,872	\$5,427	100.00%	\$4,884	\$1,121,046	\$1,654,918
NOME	\$5,167,200	\$3,358,680	\$1,808,520	\$606,540	\$1,201,980	\$82,124	100.00%	\$73,912	\$3,284,768	\$4,486,748
NORTH SLOPE	\$11,634,000	\$7,562,100	\$4,071,900	\$4,071,900	\$0	\$3,951,590	29.16%	\$1,037,162	\$6,524,938	\$6,524,938
NORTHWEST ARCTIC	\$16,237,800	\$10,554,570	\$5,683,230	\$940,181	\$4,743,049	\$3,354,210	100.00%	\$3,018,789	\$7,535,781	\$12,278,830
PELICAN	\$645,600	\$419,640	\$225,960	\$59,950	\$166,010	\$0	100.00%	\$0	\$419,640	\$585,650
PETERSBURG	\$3,238,200	\$2,104,830	\$1,133,370	\$41,422	\$191,948	\$8,508	79.58%	\$6,094	\$2,098,736	\$2,690,684
PRIBILOF	\$1,789,800	\$1,163,370	\$626,430		\$626,430	\$469,724	100.00%	\$602,752	\$560,618	\$1,187,048
RAILBELT	\$3,079,800	\$2,001,870	\$1,077,930		\$1,077,930	\$0	100.00%	\$0	\$2,001,870	\$3,079,800
SAND POINT	\$1,335,600	\$868,140	\$467,460	\$298,564	\$168,896	\$0	100.00%	\$0	\$868,140	\$1,037,036
SITKA	\$8,038,800	\$5,225,220	\$2,813,580	\$1,764,700	\$1,048,880	\$120,086	72.73%	\$78,601	\$5,146,619	\$6,195,499
SKAGWAY	\$1,075,200	\$698,880	\$376,320	\$236,146	\$140,174	\$0	100.00%	\$0	\$698,880	\$839,054
SOUTHEAST ISLAND	\$4,594,800	\$2,986,620	\$1,608,180		\$1,608,180	\$849,124	100.00%	\$764,212	\$2,222,408	\$3,830,588
SOUTHWEST REGION	\$6,187,800	\$4,022,070	\$2,165,730		\$2,165,730	\$1,828,019	100.00%	\$1,645,217	\$2,376,853	\$4,542,583
ST. MARY'S	\$1,360,800	\$884,520	\$476,280	\$17,805	\$458,475	\$390,733	72.73%	\$255,752	\$628,768	\$1,087,243
TANANA	\$1,105,200	\$718,380	\$386,820	\$67,021	\$339,799	\$230,575	89.82%	\$186,392	\$531,988	\$871,787
UNALASKA	\$1,556,400	\$1,011,660	\$544,740	\$382,258	\$162,482	\$187,148	100.00%	\$168,433	\$843,227	\$1,005,709
VALDEZ	\$5,650,800	\$3,673,020	\$1,977,780	\$1,977,780	\$0	\$25,301	44.27%	\$10,080	\$3,662,940	\$3,662,940
WRANGELL	\$2,784,600	\$1,809,990	\$974,610	\$44,682	\$539,928	\$2,289	76.37%	\$1,573	\$1,808,417	\$2,348,345
YAKUTAT	\$1,167,000	\$758,550	\$408,450	\$72,547	\$335,903	\$62,652	100.00%	\$56,387	\$702,163	\$1,038,066
YUKON FLATS	\$5,536,200	\$3,598,530	\$1,937,670		\$1,937,670	\$782,074	100.00%	\$703,867	\$2,894,663	\$4,832,333
YUKON-KOYUKUK	\$6,682,200	\$4,343,430	\$2,338,770		\$2,338,770	\$1,615,889	100.00%	\$1,454,300	\$2,889,130	\$5,227,900
YUPIIT	\$3,549,600	\$2,307,240	\$1,242,360		\$1,242,360	\$1,159,029	100.00%	\$1,043,126	\$1,264,114	\$2,506,474

TOTALS \$603,392,400 \$392,205,060 \$211,187,340 \$136,451,898 \$74,735,450 \$45,973,788 \$38,427,966 \$353,777,094 \$428,512,544

HOLD HARMLESS \$2,880,663  
 STATE CORRESPONDENCE STUDY \$2,225,340  
 TOTAL PROPOSED FY88 STATE AID \$433,618,547

A	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK
SCHOOL DISTRICT	FY87 ADM 1ST COUNT	FY88 PROJECTED ADM	FY87 TOTAL REV. FOR HOLD HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE & 80% SFACCOUNT INCLUDES	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS
ADAK	601.9	600	\$3,791,473	105.5	\$3,401,554	(1586,646)	\$1,998,840	110.2	\$1,793,277	(\$402,290)	
ALASKA GATEWAY	511.4	523	\$4,260,730	111.3	\$3,921,638	(1928,162)	\$3,634,255	113.6	\$3,345,021	(\$878,304)	
ALEUTIAN REGION	90.6	90	\$,537,900	104.4	\$1,374,944	(1219,856)	\$1,243,298	105.3	\$1,111,558	(\$188,640)	
ANCHORAGE	39748.1	38874	\$181,582,158	104.0	\$159,830,088	(\$24,901,512)	\$116,671,808	105.0	\$102,695,472	(\$17,125,778)	
ANNETTE ISLAND	416.3	432	\$2,852,887	83.1	\$2,664,431	\$203,831	\$1,446,051	70.2	\$1,350,528	\$296,764	\$203,831
BERING STRAIT	1225.6	1251	\$14,516,767	99.5	\$13,335,858	(\$1,411,542)	\$10,317,458	100.2	\$9,478,154	(\$1,069,937)	
BRISTOL BAY	218.8	231	\$2,213,217	90.1	\$2,102,961	(\$1,839)	\$1,851,771	73.6	\$1,759,521	\$319,799	
CHATHAM	351.6	310	\$2,886,890	107.9	\$2,290,792	(\$454,800)	\$2,104,042	105.8	\$1,669,590	(\$293,162)	
CHUGACH	130.4	132	\$1,425,454	111.0	\$1,298,650	(\$302,750)	\$1,243,298	112.8	\$1,132,698	(\$286,546)	
COPPER RIVER	560.7	561	\$3,932,733	121.0	\$3,541,353	(\$1,219,647)	\$3,534,791	123.4	\$3,183,014	(\$1,180,044)	
CORDOVA	432.3	431	\$2,590,516	103.7	\$2,288,562	(\$348,438)	\$2,040,662	104.6	\$1,831,073	(\$296,073)	
CRAIG	216.8	219	\$1,463,434	95.1	\$1,330,456	(\$75,944)	\$1,410,374	86.5	\$1,282,217	\$49,361	
DELTA GREELY	1018.7	1027	\$5,089,698	114.7	\$4,618,050	(\$1,266,150)	\$4,047,412	118.7	\$3,672,350	(\$1,169,564)	
DILLINGHAM	461.5	469	\$3,895,235	82.5	\$3,562,684	\$296,284	\$3,401,320	73.4	\$3,110,936	\$573,514	\$296,284
FAIRBANKS	12895	13158	\$62,210,599	103.0	\$57,131,566	(\$8,282,234)	\$43,303,043	105.3	\$39,767,607	(\$6,738,537)	
GALENA	166.6	172	\$1,937,616	76.5	\$1,800,378	\$270,978	\$1,414,172	68.9	\$1,314,009	\$308,053	\$270,978
HAINES	351.8	360	\$2,367,048	98.6	\$2,179,999	(\$208,601)	\$1,942,501	98.8	\$1,789,000	(\$175,053)	
HOONAH	240	235	\$1,733,117	94.5	\$1,527,309	(\$76,491)	\$1,447,534	91.4	\$1,275,639	(\$20,403)	
HYDABURG	107	108	\$832,255	118.9	\$756,030	(\$242,970)	\$830,055	112.8	\$754,031	(\$191,298)	
IDITAROD	392.8	392	\$5,394,318	90.1	\$4,844,998	(\$7,802)	\$4,544,731	88.3	\$4,081,927	\$178,714	
JUNEAU	4609.1	4244	\$21,464,693	105.0	\$17,787,972	(\$7,964,228)	\$14,688,121	103.3	\$12,172,170	(\$1,803,458)	
KAKE	194	178	\$1,640,203	88.7	\$1,354,136	\$20,036	\$1,323,934	83.8	\$1,093,269	\$75,138	\$20,036
KASHIYAMIUT	165.5	189	\$1,837,843	90.7	\$1,888,925	(\$14,275)	\$1,338,936	91.8	\$1,376,151	(\$28,142)	
KENAI	8178.3	8414	\$45,259,492	96.1	\$41,907,490	(\$2,818,310)	\$29,525,172	95.4	\$27,358,483	(\$1,652,997)	
KETCHIKAN	2473.8	2450	\$11,104,190	108.1	\$9,897,623	(\$1,988,377)	\$7,481,382	111.5	\$6,668,464	(\$1,594,728)	
KING COVE	132.7	133	\$1,318,021	105.6	\$1,188,901	(\$206,099)	\$1,167,016	99.1	\$1,052,689	(\$106,740)	
KLAMOCK	160.2	168	\$1,305,758	93.2	\$1,232,401	(\$43,799)	\$1,072,197	92.7	\$1,011,981	(\$30,678)	
KODIAK	2252.9	2319	\$13,495,005	106.4	\$12,501,853	(\$2,283,947)	\$11,164,112	108.2	\$10,342,500	(\$2,096,213)	
KUSPUK	350.3	371	\$5,069,133	86.8	\$4,831,811	\$171,611	\$3,856,135	84.4	\$3,675,602	\$228,400	\$171,611
LAVE & PENINSULA	354.8	369	\$5,418,994	92.3	\$5,072,288	(\$127,312)	\$4,382,146	91.3	\$4,101,778	(\$60,974)	
LOWER KUSKOKWIM	2606	2682	\$27,218,156	110.9	\$25,210,739	(\$5,854,261)	\$21,287,168	114.7	\$19,717,178	(\$5,416,834)	
LOWER YUKON	1315.5	1343	\$12,208,253	110.2	\$11,217,115	(\$2,514,485)	\$7,574,552	117.7	\$6,959,605	(\$2,138,294)	
MAT-SU	8667.9	8940	\$38,234,742	108.9	\$35,491,496	(\$7,469,704)	\$27,349,497	113.7	\$25,387,239	(\$6,688,716)	
MEMANA	123	208	\$1,168,545	87.7	\$1,778,468	\$46,268	\$1,115,660	87.7	\$1,697,980	\$43,062	\$43,062
NOME	782.1	759	\$5,421,632	98.2	\$4,735,349	(\$431,851)	\$5,048,065	91.6	\$4,409,069	(\$77,679)	
NORTH SLOPE	1151.5	1231	\$13,226,362	82.3	\$12,725,564	\$1,091,564	\$8,117,300	75.2	\$7,809,949	\$1,285,011	\$1,091,564
NORTHWEST ARCTIC	1547.4	1637	\$14,139,204	108.6	\$13,462,123	(\$2,775,577)	\$10,910,415	106.4	\$10,387,950	(\$1,890,880)	
PELICAN	54.5	54	\$663,349	115.7	\$502,363	(\$143,237)	\$577,223	109.6	\$480,848	(\$104,802)	
PETERSBURG	601	597	\$3,099,546	105.2	\$2,771,025	(\$467,175)	\$2,552,030	106.1	\$2,281,540	(\$409,144)	
PRIBILOF	155.6	152	\$1,446,282	126.7	\$1,271,538	(\$518,262)	\$843,530	144.1	\$741,612	(\$445,436)	
RAILBELT	366	346	\$3,280,393	99.3	\$2,791,023	(\$288,777)	\$3,280,393	99.3	\$2,791,023	(\$288,777)	
SAND POINT	118.5	135	\$958,985	122.3	\$983,263	(\$352,337)	\$853,476	106.7	\$875,083	(\$161,953)	
SITKA	1590	1637	\$7,325,141	106.6	\$6,787,503	(\$1,251,297)	\$5,481,840	109.8	\$5,079,494	(\$1,116,005)	
SKAGWAY	137	136	\$699,305	154.9	\$624,781	(\$450,419)	\$628,305	134.5	\$561,347	(\$277,707)	
SOUTHEAST ISLAND	416.4	435	\$4,399,997	100.0	\$4,136,885	(\$457,915)	\$3,655,785	100.9	\$3,418,371	(\$412,217)	
SOUTHWEST REGION	473.2	491	\$5,662,025	105.3	\$5,287,508	(\$900,292)	\$4,016,808	109.0	\$3,751,115	(\$791,468)	
ST. MARY'S	95.6	125	\$1,578,722	65.9	\$1,857,806	\$497,006	\$1,305,165	63.7	\$1,535,890	\$448,647	\$448,647
TANANA	81	86	\$1,243,334	83.7	\$1,188,075	\$82,875	\$1,009,921	81.3	\$965,036	\$93,249	\$82,875
UNALASKA	147	170	\$1,359,133	99.0	\$1,414,606	(\$141,792)	\$1,068,700	81.4	\$1,112,320	\$106,611	
VALDEZ	755.6	760	\$5,529,786	101.6	\$5,005,788	(\$645,012)	\$3,541,926	102.8	\$3,206,296	(\$456,644)	
WRANGELL	493.7	497	\$2,546,513	108.6	\$2,307,181	(\$477,419)	\$2,110,258	110.5	\$1,911,927	(\$436,418)	
YAKUTAT	157.5	147	\$1,248,635	100.1	\$1,048,853	(\$118,147)	\$1,136,971	97.8	\$955,056	(\$183,010)	
YUKON FLATS	373	390	\$5,311,719	99.7	\$4,998,427	(\$537,773)	\$4,607,852	100.3	\$4,336,075	(\$496,258)	
YUKON-KOYUKUK	612.9	556	\$7,192,597	102.4	\$5,872,370	(\$809,830)	\$5,738,297	100.4	\$4,685,012	(\$542,888)	
YUPIIT	295.4	281	\$4,440,198	84.0	\$3,801,375	\$251,775	\$3,397,072	77.6	\$2,908,326	\$401,852	\$251,775
TOTALS	102,126.8	102,205	\$583,890,031		\$528,737,226		\$411,576,776		\$373,196,035		\$2,880,563

A	P	Q	S	T	U	V
SCHOOL DISTRICT	FY87 LOCAL LIMITED TO 35% OR 4 MILLS	ESTIMATED FY88 LOCAL REV	ONE HUNDRED PERCENT ASSESSED VALUE	1 MILL / UNIT	1.5 MILLS / UNIT	2 MILLS / UNIT
ADAK						
ALASKA GATEWAY						
ALEUTIAN REGION						
ANCHORAGE	\$64,656,060	\$71,812,314	\$19,343,356,800	6,283	9,424	12,565
ANNETTE ISLAND				0	0	0
BERING STRAIT				0	0	0
BRISTOL BAY	\$1,532	\$406,164	\$101,541,000	2,895	4,342	5,789
CHATHAM				0	0	0
CHUGACH				0	0	0
COPPER RIVER				0	0	0
CORDOVA	\$495,929	\$681,903	\$123,982,300	2,821	4,231	5,642
CRAIG	\$28,735	\$149,219	\$37,304,700	1,591	2,387	3,183
DELTA GREELY				0	0	0
DILLINGHAM	\$195,000	\$430,063	\$107,515,700	1,975	2,962	3,950
FAIRBANKS	\$18,907,656	\$25,998,026	\$4,726,913,900	4,336	6,504	8,671
GALENA	\$80,428	\$88,224	\$20,106,900	789	1,183	1,578
HAINES	\$390,486	\$401,474	\$97,621,800	2,452	3,678	4,904
HOONAH	\$94,775	\$116,950	\$29,237,500	1,094	1,641	2,188
HYDABURG	\$2,200	\$53,671	\$13,417,800	806	1,209	1,612
IDITAROD				0	0	0
JUNEAU	\$6,755,969	\$9,255,132	\$1,688,992,300	4,883	7,325	9,767
KAKE	\$48,754	\$67,036	\$12,188,400	548	822	1,096
KASHUNAHUT				0	0	0
KENAI	\$15,621,367	\$18,298,125	\$3,905,341,700	5,239	7,859	10,478
KETCHIKAN	\$3,617,536	\$4,974,113	\$904,384,100	4,565	6,848	9,131
KING COVE	\$13,000	\$97,566	\$24,391,400	1,049	1,574	2,098
KLADOCK	\$23,364	\$29,428	\$5,841,100	275	412	549
KODIAK	\$2,193,596	\$2,209,790	\$552,447,400	2,242	3,363	4,484
KUSLUK				0	0	0
LAKE & PENINSULA				0	0	0
LOWER KUSKOKVIM				0	0	0
LOWER YUKON				0	0	0
HAT-SU	\$10,867,024	\$14,942,157	\$2,716,755,900	3,794	5,691	7,588
NEENAH	\$48,001	\$72,398	\$18,099,500	627	940	1,254
NOPE	\$299,655	\$406,540	\$151,635,000	1,761	2,641	3,521
NORTH SLOPE	\$4,071,900	\$13,962,700	\$13,570,786,300	69,989	104,983	139,977
NORTHWEST ARCTIC	\$210,000	\$940,181	\$235,045,250	869	1,303	1,737
PELICAN	\$24,126	\$59,950	\$14,987,400	1,393	2,089	2,786
PETERSBURG	\$541,422	\$680,323	\$135,355,400	2,508	3,762	5,016
PRIBILOF				0	0	0
RATBELT				0	0	0
SAND POINT	\$105,509	\$298,564	\$74,641,100	3,353	5,030	6,706
SITKA	\$1,764,708	\$2,426,663	\$441,175,000	3,293	4,939	6,586
SKAGWAY	\$71,000	\$236,146	\$59,036,600	3,294	4,942	6,589
SOUTHEAST ISLAND				0	0	0
SOUTHWEST REGION				0	0	0
ST. MARY'S	\$17,805	\$24,482	\$4,451,200	196	294	393
TANANA	\$47,021	\$52,350	\$11,755,200	638	957	1,276
UNALASKA	\$122,000	\$382,258	\$95,564,500	3,684	5,526	7,368
VALDEZ	\$1,977,780	\$4,468,037	\$1,693,326,700	17,980	26,970	35,959
WRANGELL	\$434,682	\$569,192	\$108,670,500	2,342	3,512	4,683
YAKUTAT	\$55,277	\$72,547	\$18,136,700	932	1,399	1,865
YUKON FLATS				0	0	0
YUKON-KOYUKUK				0	0	0
YUPIIT						
TOTALS	\$133,885,289	\$174,863,486	\$51,044,006,850			

## A REVIEW

# Governor's Public School Foundation Funding Program SB 119 / HB 126

■ **SENATE BILL 119/HOUSE BILL 126**, Governor Steve Cowper's proposed Public School Foundation Program, is designed to enable the state to meet fiscal equalization criteria outlined in the federal PL-874 "disparity test." Alaska must meet the guidelines in order to utilize approximately \$60 million in PL-874 funds within the state foundation plan as general revenues. In addition, the Matanuska-Susitna Borough School District has filed suit against the State of Alaska for similar disparities in state funding distribution.

■ **PL 81-874 DISPARITY TEST**—The federal PL-874 disparity test measures the disparity in local student expenditures by instructional unit among school districts. The test takes into consideration how many dollars and equivalents in dollars are used as local revenues from local taxes, in kind services, interest earnings and state tuition payments. Under guidelines of the disparity test, the range of local revenues may not vary more than 25 percent between the school district that raises the lowest amount of local revenues per instructional unit and the district that raises the most per instructional unit. Since federal regulations allow states to eliminate five percent of the students at the top of the scale and five percent at the bottom, Alaska eliminates both of its oil rich school districts, Valdez and North Slope Borough, which contribute considerably more than 25 percent beyond the lowest amount. Since REAAs are not authorized to raise local taxes five percent of the students at the bottom of the scale can be from any REAA. The disparity test uses \$60,000 per instructional unit as the base. Therefore, school districts able to raise revenue must keep local revenues at or below

\$15,000 per instructional unit, which represents a 25 percent disparity. This keeps maximum expenditures at or below \$75,000 per instructional unit, which is within 25 percent of \$60,000 base.

■ **THE PROPOSED FOUNDATION** program is based on the "instructional unit" method of funding. This is similar to the present foundation law, but SB 119/HB 126 proposes to simplify many other aspects of the program.

■ **SB 119/HB 126** requires city and borough school districts to pay up to 35 percent of "basic need," as determined under the bill, with the equivalent of what a 4 mill property tax would raise in their district. Since REAAs do not have tax raising authority, the state would pay for 100 percent of basic need, less the amount of deductible PL-874 funds.

The bill provides area cost differentials for school districts based on a 1986 arbitrator's decision that sets state employees' salary differentials for various regions of Alaska.

■ **THE DEFINITIONS** printed on the back of this page, when used with the two mathematical formulas below and the attached chart, provide a basis for understanding the terms and concepts in the governor's bill. The figures used in the accompanying chart are based on current data gathered and computed by the Department of Education to estimate the amount of funds generated by each of the 55 school districts under the bill.

---

THE FORMULA USED TO CALCULATE BASIC NEED:

**BASIC NEED = (Instructional Units) X (Area Cost Differential) X (\$60,000)**

---

THE FORMULA USED TO CALCULATE STATE FOUNDATION AID:

**STATE FOUNDATION AID = (Basic Need) — (Local Effort) — (90% Eligible PL-874)**

# TABLE OF INSTRUCTIONAL UNITS

## COMBINED ELEMENTARY & SECONDARY INSTRUCTIONAL UNITS:

■ Instructional units for communities with fewer than 200 students in grades K-6 and fewer than 200 students in grades 7-12 are determined by the formula:

ADM	UNITS
1-10	2
11-20	$2 + \frac{(ADM - 10)}{5}$
21-60	$4 + \frac{(ADM - 20)}{8}$
61-120	$9 + \frac{(ADM - 60)}{12}$
121-525	$14 + \frac{(ADM - 120)}{15}$

■ Elementary instructional units for communities with more than 200 students in grades K-6 are determined by the formula:

$$\text{UNITS} = 15 + \frac{(ADM - 200)}{17}$$

■ Secondary instructional units for communities with more than 200 students in grades 7-12 are determined by the formula:

$$\text{UNITS} = 18 + \frac{(ADM - 200)}{13}$$

■ Kindergarten students who attend school less than four hours a day are counted as 0.5 ADM.

■ District correspondence or other students who do not regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the highest ADM in the district.

## VOCATIONAL EDUCATION

### FTE\* X WEIGHTING FACTOR X .05 = VOCATIONAL EDUCATION FUNDING

MINIMUM FUNDING: Any funding community in which a high-cost vocational education course, approved by the Department of Education, is operated receives a minimum of 0.10 instructional unit; for vocational education, and each school district in which such a course is operated receives a minimum of 1.00

- | FACTOR | PROGRAM                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| .2     | <b>CATEGORY 1</b> contains 16 programs: health, consumer and homemaking, horticulture, commercial art, clothing and textiles, general marketing, food production, renewable and natural resources, forestry, agriculture services and supplies, transportation and travel, wildlife management, business management, child care management and surveying. The extra costs for these programs average 25 percent of those programs in Category 4. |
| .4     | <b>CATEGORY 2</b> contains 7 programs: aircraft mechanics, communication technologies, commercial photography, agriculture mechanics, accounting and related, small engine mechanic and automotive body repair. The extra costs for these programs average 50 percent of those programs in Category 4.                                                                                                                                           |

- | FACTOR | PROGRAM                                                                                                                                                                                                                                                                                          |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| .6     | <b>CATEGORY 3</b> contains 9 programs: agricultural production, welding, industrial education, woodworking, automobile mechanics, electrical technician, drafting, fisheries and diesel engine mechanics. The extra costs for these programs average 75 percent of those programs in Category 4. |
| .8     | <b>CATEGORY 4</b> contains 3 programs: graphics, secretarial and word processing, and construction trades. Equipment, utilities, maintenance, student supplies and instructional materials make these the most costly vocational programs to operate.                                            |

\* Full time equivalent

NOTE: The extra costs for the vocational programs were taken from the raw data collected for the Resource Cost Model. An amortization schedule of 7 years was used for the equipment.

## SPECIAL EDUCATION

### NUMBER OF STUDENTS X WEIGHTING FACTOR = SPECIAL EDUCATION FUNDING

MINIMUM FUNDING: Any funding community in which a special education program, approved by the Department of Education, is operated receives a minimum of 0.25 instructional units for special education, and any school district in which such a program is operated receives a minimum of 1.00 such units.

FACTOR	PROGRAM	FACTOR	PROGRAM
.025	GIFTED AND TALENTED	0.1	SELF-CONTAINED
.056	RESOURCES	.333	INTENSIVE/HOSPITAL HOMEBOUND

## BILINGUAL EDUCATION

### WEIGHTING FACTOR\* X STUDENT COUNT X .042 = BILINGUAL EDUCATION

MINIMUM FUNDING: Any funding community in which a bilingual program, approved by the Department of Education, is operated receives a minimum of 0.10 instructional units for bilingual education, and each school district in which such a program is operated receives a minimum of 1.00 such units.

- | FACTOR | PROGRAM                                                                                                  | FACTOR | PROGRAM                                                                                                                                        |
|--------|----------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <b>CATEGORY A:</b> Students who speak a language other than English exclusively.                         | .2     | <b>CATEGORY D:</b> Students who speak mostly English but also speak a language other than English.                                             |
| 1      | <b>CATEGORY B:</b> Students who speak mostly a language other than English, but also speak some English. | .1     | <b>CATEGORY E:</b> Students who speak English exclusively but whose manner of speaking reflects the grammatical structure of another language. |
| .2     | <b>CATEGORY C:</b> Students who speak a language other than English and English with equal ease.         |        |                                                                                                                                                |

\* Language dominance category weighting factor

5-1157B  
Levy  
3/13/87

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public school foundation  
7 program; and providing for an effective date."

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

9 \* Section 1. AS 14.17.010 is amended to read:

10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The  
11 public school foundation account is established. The account consists  
12 of appropriations for distribution to districts and [OR] for central-  
13 ized correspondence study programs under this chapter.

14 (b) The money of the account may be used only in aid of public  
15 schools, including community school programs, and [OR] for centralized  
16 correspondence study programs as provided by this chapter.

17 \* Sec. 2. AS 14.17.021 is repealed and reenacted to read:

18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state  
19 foundation aid for which a school district may qualify in a fiscal  
20 year is calculated by subtracting from the basic need defined in (b)  
21 of this section the required local effort under AS 14.17.025(a) and  
22 90 percent of the amount of federal aid received by the district  
23 during the preceding fiscal year under secs. 2, 3, and 4 of P.L. 81-  
24 874 (20 U.S.C. 237 - 239), as amended, to the extent permitted by that  
25 Act and regulations adopted under it.

26 (b) The basic need of a school district is determined by multi-  
27 plying the area cost differential of the district under AS 14.17.051  
28 by the number of instructional units in the district under AS 14.17.-  
29 031 and then multiplying that product by the instructional unit value

1 in AS 14.17.056.

2 \* Sec. 3. AS 14.17.022 is amended to read:

3 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE  
4 STUDY. Money [FUNDS] for providing centralized correspondence study  
5 programs for students not enrolled in an approved school district  
6 correspondence study program includes [SHALL INCLUDE] an allocation  
7 [APPROPRIATION] from the public school foundation account in an amount  
8 calculated by multiplying the [BASE] instructional unit value in  
9 AS 14.17.056 by the total number of instructional units, as determined  
10 by applying the number of correspondence students to the formula for  
11 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-  
12 uct by 65 percent [AS 14.17.041(a)].

13 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

14 Sec. 14.17.025. LOCAL EFFORT. (a) A city or borough that is a  
15 school district shall appropriate and contribute to the school op-  
16 erating fund of the district for each fiscal year, under AS 14.14.060  
17 and 14.14.065, at least the lesser of

18 (1) the equivalent of a four mill tax levy on the full and  
19 true value of the taxable real and personal property in the district  
20 as of January 1 of the second preceding fiscal year, as determined by  
21 the Department of Community and Regional Affairs under AS 14.17.140  
22 and AS 29.45.110; or

23 (2) 35 percent of the district's basic need for the preced-  
24 ing fiscal year, as determined under AS 14.17.021(b).

25 (b) A city or borough may not contribute more to the school  
26 operating fund of the district in a fiscal year than the equivalent of  
27 a six mill tax levy on the full and true value of the taxable real and  
28 personal property in the district as of January 1 of the second pre-  
29 ceding fiscal year, as determined by the Department of Community and

1 Regional Affairs under AS 14.17.140 and AS 29.45.110.

2 (c) Interest earnings that a district is allowed to keep and  
3 spend on school operations, state tuition payments, and in-kind con-  
4 tributions by the city or borough may be counted toward the local  
5 effort requirement in (a) of this section, and shall be counted under  
6 the contribution limit in (b) of this section, under regulations  
7 adopted by the department.

8 (d) A local contribution is not required in a regional educa-  
9 tional attendance area. Interest earnings and other local revenue in  
10 a regional educational attendance area are not considered local  
11 revenue for current operating expenditures, and are subject to regula-  
12 tion and disposition by the department.

13 (e) A state foundation aid payment may not be made to a city or  
14 borough school district in which the requirements of (a) of this  
15 section have not been met.

16 \* Sec. 5. AS 14.17.031 is repealed and reenacted to read:

17 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-  
18 ment shall adopt regulations defining funding communities within each  
19 district which reflect geographic and attendance area factors. For  
20 the purpose of determining instructional units, students are counted  
21 in the district and the funding community from which they receive  
22 educational services. The total number of instructional units in a  
23 school district is the sum of the following units for each funding  
24 community within the district, as determined by the department:

25 (1) the number of units for elementary and secondary stu-  
26 dents determined under AS 14.17.041(a) or (b);

27 (2) the number of units for vocational education determined  
28 under AS 14.17.043;

29 (3) the number of units for special education determined

1 under AS 14.17.045; and

2 (4) the number of units for bilingual education determined  
3 under AS 14.17.047.

4 (b) For purposes of (a)(1) of this section, in fiscal years  
5 beginning after July 1, 1987, 90 percent of the district's total  
6 elementary and secondary instructional units for the preceding fiscal  
7 year is used if that number is greater than the district's total under  
8 (a)(1) of this section for the current fiscal year.

9 \* Sec. 6. AS 14.17.041 is repealed and reenacted to read:

10 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

11 (a) For funding communities that do not have an average daily mem-  
12 bership of at least 200 in grades K-6 and at least 200 in grades 7-12,  
13 combined elementary and secondary instructional units are determined  
14 under the following table:

ADM	Units
1 - 10	2
11 - 20	2 + ((ADM-10)/5)
21 - 60	4 + ((ADM-20)/8)
61 - 120	9 + ((ADM-60)/12)
121 - 525	14 + ((ADM-120)/15)

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25 (b) For funding communities that are not included under (a) of  
26 this section,

27 (1) instructional units for elementary students are de-  
28 termined by the formula:

29 units = 15 + ((ADM-200)/17), where ADM is the number of

1 students in average daily membership in grades kindergarten through 6;

2 (2) instructional units for secondary students are de-  
3 termined by the formula:

4 units =  $18 + ((ADM-200)/13)$ , where ADM is the number of  
5 students in average daily membership in grades 7 through 12.

6 (c) Kindergarten students who attend school less than four hours  
7 a day are counted as 0.5 ADM under (a) and (b) of this section.

8 (d) District correspondence or other students who do not regu-  
9 larly attend school on a daily basis are counted in the appropriate  
10 grade level of the funding community with the highest ADM in the  
11 district.

12 \* Sec. 7. AS 14.17 is amended by adding new sections to read:

13 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-  
14 tional education instructional units for high-cost vocational educa-  
15 tion courses approved by the department are calculated as the sum, for  
16 all of those courses in the funding community, of the products ob-  
17 tained by multiplying 0.05 by the ADM full-time equivalent of the  
18 course, and then by the cost weighting factor for the course deter-  
19 mined under department regulations. A funding community in which a  
20 high-cost vocational education course approved by the department is  
21 operated receives a minimum of 0.10 instructional units for vocational  
22 education, and each district in which a high-cost vocational education  
23 course is operated receives a minimum of 1.00 instructional units.

24 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. An  
25 exceptional child, as defined in AS 14.30.350, who is enrolled in a  
26 special education program, approved by the department, on the last day  
27 of the counting period for which a determination is being made, gener-  
28 ates 0.025 instructional units if the child receives gifted services,  
29 0.056 instructional units if the child receives resource services, 0.1

1 instructional units if the child receives self-contained services, or  
 2 0.333 instructional units if the child receives intensive or hospi-  
 3 tal/homebound services, as those categories of service are defined by  
 4 the department by regulation, in the funding community in which the  
 5 child is served. A child may be counted in one special education  
 6 category only. A funding community in which a special education  
 7 program approved by the department is operated receives a minimum of  
 8 0.25 instructional units for special education, and a district in  
 9 which a special education program is operated receives a minimum of  
 10 1.00 instructional units.

11 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A  
 12 student for whom an appropriate bilingual program must be provided  
 13 under regulations adopted by the department, and who is enrolled in a  
 14 bilingual program, approved by the department, as of the last day of  
 15 the counting period for which a determination is being made, gener-  
 16 ates, in the funding community in which the student is served, the  
 17 number of bilingual education instructional units that is the product  
 18 obtained by multiplying 0.042 by the student's language dominance  
 19 category weight under department regulations. A funding community in  
 20 which a bilingual program approved by the department is operated  
 21 receives a minimum of 0.10 instructional units for bilingual educa-  
 22 tion, and a district in which a bilingual program is operated receives  
 23 a minimum of 1.00 instructional units.

24 \* Sec. 8. AS 14.17.051 is repealed and reenacted to read:

25 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-  
 26 tial for a school district is as follows:

27 School District	Area Cost Differential
28 Adak	1.27
29 Alaska Gateway	1.16

1	Aleutian Region	1.27
2	Anchorage	1.00
3	Annette Island	1.00
4	Bering Strait	1.34
5	Bristol Bay	1.27
6	Chatham	1.00
7	Chugach	1.11
8	Copper River	1.11
9	Cordova	1.11
10	Craig	1.00
11	Delta/Greely	1.16
12	Dillingham	1.27
13	Fairbanks	1.04
14	Galena	1.30
15	Haines	1.05
16	Hoonah	1.05
17	Hydaburg	1.00
18	Iditarod	1.30
19	Juneau	1.00
20	Kake	1.00
21	Kashunamiut	1.30
22	Kenai	1.00
23	Ketchikan	1.00
24	King Cove	1.27
25	Klawock	1.00
26	Kodiak	1.09
27	Kuspuk	1.30
28	Lake & Peninsula	1.27
29	Lower Kuskokwim	1.38

1	Lower Yukon	1.30
2	Matanuska-Susitna	1.00
3	Nenana	1.20
4	Nome	1.34
5	North Slope	1.42
6	Northwest Arctic	1.42
7	Pelican	1.05
8	Petersburg	1.00
9	Pribilof	1.27
10	Railbelt	1.20
11	Sand Point	1.27
12	Sitka	1.00
13	Skagway	1.05
14	Southeast Island	1.00
15	Southwest Region	1.27
16	St. Mary's	1.30
17	Tanana	1.30
18	Unalaska	1.27
19	Valdez	1.11
20	Wrangell	1.00
21	Yakutat	1.05
22	Yukon Flats	1.42
23	Yukon-Koyukuk	1.30
24	Yupiit	1.30

25 \* Sec. 9. AS 14.17.056 is amended to read:

26       Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]  
 27 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER  
 28 JULY 1, 1986,] is \$60,000 [S42,184].

29 \* Sec. 10. AS 14.17.080 is repealed and reenacted to read:

1           Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall  
2 prepare and submit to the department, by September 20 of each fiscal  
3 year, in the manner and on forms prescribed by the department, an  
4 estimate of its average daily membership and other student count data  
5 for the succeeding fiscal year, upon which computations can be made of  
6 the amount of estimated state foundation aid for which the district  
7 will be eligible under AS 14.17.021 in that fiscal year. In making  
8 this estimate, the district shall consider its average daily member-  
9 ship, other student count data, the pattern of growth or decline in  
10 preceding years, and other pertinent information available to the  
11 district. The preliminary reports required by this section are the  
12 basis for estimating the need for state foundation aid for the next  
13 fiscal year.

14 \* Sec. 11. AS 14.17.082 is repealed and reenacted to read:

15           Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A  
16 district may not accumulate in a fiscal year an unreserved portion of  
17 its year-end fund balance in its school operating fund, as defined by  
18 department regulations, that is greater than five percent of its  
19 expenditures for that fiscal year.

20           (b) The department shall review the annual audit of each dis-  
21 trict for the preceding fiscal year to ascertain its year-end operat-  
22 ing fund balance. The amount by which the unreserved portion of that  
23 balance exceeds the amount permitted in (a) of this section shall be  
24 deducted from the state foundation aid that would otherwise be paid to  
25 the district in the current fiscal year.

26 \* Sec. 12. AS 14.17.140 is amended to read:

27           Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-  
28 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount  
29 of local effort under AS 14.17.025 and to aid the department and the

1 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC  
2 NEED UNDER AS 14.17.021] the Department of Community and Regional  
3 Affairs, in consultation with the assessor for each district, shall  
4 determine the full value of the taxable real and personal property in  
5 each district, as defined in AS 14.17.250. [EXEMPTIONS GRANTED UNDER  
6 CH. 129, SLA 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT  
7 (AS 43.25), SHALL BE HONORED.] If there is no local assessor or  
8 current local assessment for a district, then the Department of Commu-  
9 nity and Regional Affairs shall make the determination of full value  
10 from information available. In making the determination, the Depart-  
11 ment of Community and Regional Affairs shall be guided by AS 29.45.-  
12 110. The determination of full value shall be made by [BEFORE]  
13 October 1 and sent by certified mail, return receipt requested, on or  
14 before that date to the president of the school board in each dis-  
15 trict. Duplicate copies shall be sent to the commissioner. The gov-  
16 erning body of a [THE] borough or city that [WHICH] is a school [THE]  
17 district may obtain judicial review of the determination. The superior  
18 court may modify the determination of the Department of Community and  
19 Regional Affairs only upon a finding of abuse of [OR] discretion or  
20 upon a finding that there is no substantial evidence to support the  
21 determination.

22 (b) Motor vehicles subject to the motor vehicle registration tax  
23 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property  
24 under [FOR PURPOSES OF (a) OF] this section.

25 \* Sec. 13. AS 14.17.160 is repealed and reenacted to read:

26 Sec. 14.17.160. STUDENT COUNTING PERIODS. Within two weeks  
27 after the end of the 20-school-day period ending the fourth Friday in  
28 October, each district shall transmit a report to the department that,  
29 under regulations adopted by the department, reports its average daily

1 membership for that counting period, and other student count informa-  
2 tion that will aid the department in making a determination of its  
3 state foundation aid. If it makes the district eligible for more  
4 state foundation aid, a district may transmit, within two weeks after  
5 the 20-school-day period ending the second Friday in February, a  
6 similar report for that counting period. The department may make  
7 necessary corrections in the report submitted, and shall notify the  
8 district of changes made. The commissioner shall notify the governor  
9 of additional appropriations the commissioner estimates to be neces-  
10 sary to fully fund the public school foundation program for the cur-  
11 rent fiscal year.

12 \* Sec. 14. AS 14.17.170 is repealed and reenacted to read:

13 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The  
14 department shall determine the state foundation aid for each school  
15 district in a fiscal year on the basis of the district's data reported  
16 under AS 14.17.160 for the counting period that makes the district  
17 eligible for the greatest number of instructional units. On or before  
18 the 15th day of each of the first nine months of each fiscal year,  
19 1/12 of each district's state foundation aid shall be distributed on  
20 the basis of the data reported for the preceding fiscal year. On or  
21 before the 15th day of each of the last three months of each fiscal  
22 year, 1/12 of the balance of each district's state foundation aid  
23 shall be distributed, after the balance has been recomputed on the  
24 basis of student count and other data reported for the current fiscal  
25 year.

26 (b) If a district receives more state aid money than it is  
27 entitled to receive under this chapter, it shall immediately remit the  
28 amount of overpayment to the commissioner, to be returned to the  
29 public school foundation account. Upon an adequate showing of a cash

1 flow shortfall, and in the discretion of the commissioner, the depart-  
2 ment may make advance payments to a school district. The total of  
3 advance payments may not exceed the amount of state foundation aid for  
4 which the district is eligible for the fiscal year.

5 \* Sec. 15. AS 14.17.190(b) is amended to read:

6 (b) Each district shall maintain complete financial records of  
7 the receipt and disbursement of public school foundation money, [AND]  
8 money acquired from local effort, and other money received by the  
9 district. The records must be in the form required by the department  
10 [COMMISSIONER] and are subject to audit by the department [COMMIS-  
11 SIONER OR THE BOARD] at any time.

12 \* Sec. 16. AS 14.17.220 is amended to read:

13 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-  
14 ture, in enacting this public school foundation program, to assure an  
15 adequate level of educational opportunities for those in attendance in  
16 the public schools of the state. Except for the limitations of  
17 AS 14.17.025, this [THIS] chapter may [SHALL] not be interpreted as  
18 preventing a public school district from providing educational ser-  
19 vices and facilities beyond those assured by the foundation program.

20 \* Sec. 17. AS 14.17.225 is repealed and reenacted to read:

21 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)  
22 This chapter does not create a debt of the state. Each district shall  
23 establish, maintain, and operate under a balanced budget. The state  
24 is not responsible for the debts of a school district.

25 (b) Money to carry out the provisions of AS 14.17.010 - 14.-  
26 17.190 may be appropriated annually by the legislature into the public  
27 school foundation account. If amounts in the account are insufficient  
28 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for  
29 a fiscal year, the instructional unit value in AS 14.17.056 shall be

1 reduced by the department as determined by regulation for that fiscal  
2 year.

3 \* Sec. 18. AS 14.17.250(1) is amended to read:

4 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]  
5 aggregate class periods of pupil membership [PER DAY] in specified  
6 classes for the student counting period for which a determination is  
7 being made, divided by the total number of all class periods in the  
8 student counting period [SCHOOL DAY];

9 \* Sec. 19. AS 14.17.250(2) is amended to read:

10 (2) "average daily membership" or "ADM" means the aggregate  
11 days of membership of pupils divided by the actual number of days in  
12 session for the counting period for which a determination is being  
13 made [SCHOOL TERM];

14 \* Sec. 20. AS 14.17.250(11) is amended to read:

15 (11) "taxable real and personal property" means all real and  
16 personal property taxable under the laws of the state [, BUT DOES NOT  
17 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

18 \* Sec. 21. TRANSITION. (a) For the purpose of calculating the re-  
19 quired local effort under AS 14.17.025(a)(2) for fiscal year 1988, and for  
20 the purpose of (c)(7) of this section, each district's basic need for the  
21 preceding fiscal year is as determined by the department based on its  
22 projections of student count data for fiscal year 1988 and the allowable  
23 instructional units and instructional unit value as contained in this Act.

24 (b) In fiscal years 1988, 1989, and 1990, a district may receive  
25 state aid, in addition to its state foundation aid under AS 14.17.021(a),  
26 in the lesser amount of

27 (1)  $(p \times \text{sum87} \times \text{current ADM/ADM87}) - \text{current need}$ ; or

28 (2)  $(p \times \text{state87} \times \text{current ADM/ADM87}) - \text{current state}$ .

29 (c) In (b) of this section

1 (1) "ADM87" means the average daily membership of the district  
2 in the student counting period used for funding for fiscal year 1987;

3 (2) "current ADM" means the average daily membership of the  
4 district in the student counting period used for funding for the current  
5 fiscal year;

6 (3) "current need" means the basic need of the district under  
7 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal  
8 year;

9 (4) "current state" means the state foundation aid to the dis-  
10 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the  
11 current fiscal year;

12 (5) "p" means the transition percentage, which is 90 percent in  
13 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal  
14 year 1990;

15 (6) "state87" means the state aid received by the district for  
16 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

17 (7) "sum87" means the sum of

18 (A) state aid received by the district under AS 14.17.021,  
19 as it read before July 1, 1987, for fiscal year 1987;

20 (B) 90 percent of that portion of the federal impact aid  
21 received by the district in fiscal year 1987 under secs. 2 - 4 of P.L.  
22 81-874 (20 U.S.C. 237 - 239), as amended, to the extent that that  
23 money could be considered as local resources under that Act and the  
24 regulations adopted under it; and

25 (C) for city or borough school districts, the total of

26 (i) the district's revenue from earnings in the dis-  
27 trict's operating fund in fiscal year 1987;

28 (ii) state tuition payments to the district in fiscal  
29 year 1987; and

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

(iii) city or borough appropriations or in-kind contributions for fiscal year 1987.

(d) The amount determined under (c)(7)(C) of this section may not exceed the lesser of

(1) the equivalent of a four-mill tax levy on the full and true value of taxable real and personal property in the district as of January 1, 1986, as determined by the Department of Community and Regional Affairs under AS 14.17.170; or

(2) 35 percent of the district's basic need as determined under (a) of this section.

\* Sec. 22. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150, 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.17.250(12) are repealed.

\* Sec. 23. Sections 4 and 21 of this Act take effect immediately under AS 01.10.070(c).

\* Sec. 24. Sections 1 - 3, 5 - 10, 12 - 20, and 22 of this Act take effect July 1, 1987.

\* Sec. 25. Section 11 of this Act takes effect July 1, 1988.

A M E N D M E N T #1

Offered in the HESS Committee

By Cato

TO: CSHB 126(HESS)

Page 5, line 29, following "services,"

Insert "0.1 instructional units for a student of any age if the student attends a school that offers services exclusively to developmentally disabled students,"

Withdrawn by Sponsor

A M E N D M E N T #2

Offered in the HESS Committee

By Sund

TO: CSHB 126(HESS)

Page 1, line 22, following "district":

Insert "as of March 1 of that fiscal year as payment for its entitlement for the application submitted"

Page 1, line 23, following "fiscal year":

Insert ", including advance payments and adjustments received since March 1 of the preceding fiscal year from prior year applications"

Page 15, following line 10:

Insert a new subsection to read:

"(e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended, between March 1, 1987, and July 1, 1987, based upon applications submitted before or during fiscal year 1986 may not be subtracted from the district's basic need under AS 14.17.021(b)."

A M E N D M E N T #3

Offered in the HESS Committee

By Sund

TO: CSHB 126(HESS)

Page 5, line 24, following "UNITS.":

Insert "(a)"

Page 6, line 6, following "only.", through line 10:

Delete all material

Insert a new subsection to read:

"(b) Notwithstanding (a) of this section, in a district that offers a special education program each funding community receives a minimum of 0.25 instructional units for special education and the district receives a minimum of 1.00 instructional units for special education."

A M E N D M E N T #4

Offered in the HESS Committee

By Koponen

TO: CSHB 126(HESS)

Page 12, line 15:

Delete "adequate"

Insert "equitable [ADEQUATE]"

A M E N D M E N T #5

Offered in the HESS Committee

TO: CSHB 126(HESS)

Page 13, line 1:

Delete "determined by regulation"

Insert "necessary to make the funds available sufficient to meet the allocations"

A M E N D M E N T #6

Offered in the HESS Committee

TO: CSHB 126 (HESS)

Page 3, line 7, following "department.":

Insert "Payments received under P.L. 81-874 (20 U.S.C. 237 - 239), as amended, may not be counted under (a) or (b) of this section."

A M E N D M E N T #7

Offered in the HESS Committee

TO: CSHB 126(HESS)

Page 4, line 11:

Delete "do not"

Page 4, line 12:

Delete "at least 200 in grades K-6 and at least"

Insert "less than 200 in grades K-6 or less than"

A M E N D M E N T #8

Offered in the HESS Committee

TO: CSHB 126(HESS)

Page 11, line 22:

Delete "1/12"

Insert "1/3"

A M E N D M E N T #9

Offered in the HESS Committee

TO: CSHB 126 (HESS)

Page 10, line 26, following "PERIODS."

Insert "(a)"

Page 11, following line 11:

Insert a new subsection to read:

"(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day counting period other than the periods set out in (a) of this section. However, the counting period must be 20 consecutive school days."

A M E N D M E N T #10

Offered in the HESS Committee

TO: CSHB 126 (HESS)

Page 9, line 2:

Delete "September 20"

Insert "October 15"

A M E N D M E N T #11

Offered in the HESS Committee

TO: CSHB 126 (HESS)

Page 10, line 5, following "district"

Delete "as defined in AS 14.17.250"

Insert "city or borough"

A M E N D M E N T #12

Offered in the HESS Committee

TO: CSHB 126(HESS)

Page 13, line 20:

Delete "(c)(7)"

Insert "(d)(2)"

# Alaska State Legislature

*JM*

REPRESENTATIVE  
ADELHEID HERRMANN

PO BOX 63  
NAKNEK ALASKA 99633  
(907) 246-4495

Write in Juneau  
BOX V  
JUNEAU ALASKA 99811  
(907) 465-4942 465-4943

CO-CHAIRMAN  
RESOURCES COMMITTEE

MEMBER  
TRANSPORTATION  
COMMITTEE

## House of Representatives

### MEMORANDUM

TO: Representative Niilo Koponen  
Co-Chairman House HESS Committee

FROM: Representative *Adelheid Herrmann*

DATE: March 17, 1987

SUBJECT: Foundation Formula

It is my understanding that the House HESS Committee would like to pass House Bill 126 out of committee on Thursday, March 18. I know you have taken much testimony on this subject and I support the committee's effort to pass an equitable school funding bill.

I am in agreement with the concepts outlined in the bill however, there is one area that I believe requires more attention and recognition, before the concept of 'equity' is achieved. The computation to determine funding for single versus multiple site districts is very unfair to single site districts.

The actual funding difference between some single and multiple sites is grossly unfair and will cause severe hardship to some of the schools in my district. I have one school district that will still have to cut over \$321,000 in FY 89, one year after the new formula is in place. Because of the hold harmless feature of the bill they will manage a reduction in funding for FY 88 but the additional cuts in FY 89 will be too much for the district to handle.

I understand the reluctance to adjust the geographic differentials and statistical base used in the formula at this time, although I think the entire base should be reviewed. I would ask that recognition be given to the problem of computing funding for single site districts and that an effort to resolve this extreme disparity be made in the future.

#### DISTRICT 26

ADAK  
AKUTAN  
ALEKNAGIK  
ATKA  
BELKOFSKI  
CLARK S POINT  
COLD BAY  
DILLINGHAM  
DUTCH HARBOR  
EGEGIK  
EKLIK  
EKWOK  
FALSE PASS  
IGIUGIG  
ILIAMNA  
KING COVE  
KING SALMON  
KOKHANOK  
KOLIGANEK  
LEVELOCK  
MANOKOTAK  
NAKNEK  
NELSON LAGOON  
NEWHALEN  
NEW STUYAHOK  
NIKOLSKI  
NONDALTON  
PEDRO BAY  
PILOT POINT  
PORT ALSVORTH  
PORT HEIDEN  
PORT MOLLER  
PORTAGE CREEK  
SAND POINT  
SOUTH NAKNEK  
SQUAW HARBOR  
ST GEORGE  
ST PAUL  
TOGIAK  
TWIN HILLS  
UGASHIK  
UNALASKA



Official Business

**COMMITTEE:**

House HESS Committee

**DATE:** 3/17/87

**SIGN-IN**

**Subject of meeting:**

- SB 115 - Approp: Pupil Transportation/  
Tuition Supplement
- HB 144 - Services Charges; Libraries
- HB 126 - State aid to Education;  
Foundation Prog.

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? & Which Bill
AERY Purdy	Box 299, Barrow	650-1605	Alaska Ass. of School Admins	Yes SB 126 ✓
Loraine Stewart	Senator Duncan's office	4766		SB 122 ✓
Guan Krause	105 Municipal Way # 302	586-3090	NEA - AK	No
Tom Lonner	395 WHITIER	465-2901	STATE MUSEUM	HB 144 ✓
Nancy Gross	Box 89 Unalaska	581-1257	City/School Muni Conf	yes ✓
Mark Boyer	P.O. Box 11	3466	self	yes SB 115 ✓
Robert Vandylke	1765 Evergreen, Juneau	586-4097	No Slope Sch. Dist	No
Nancy Gasta	Box 248, Unalaska	581-1666	Unalaska School Board	NO
Mim Robinson	P.O. Box 8857, Port Alexander	568-9219	Southeast Island Sch. Dist.	NO
Jean Ellis	Box 1068 Petersburg	772-3240	Petersburg School District	NO



**Alaska State Legislature**  
**House of Representatives**  
COMMITTEE ON HEALTH, EDUCATION  
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCHV  
JUNEAU, AK 99811  
465-3759

LETTER OF INTENT  
FOR CSHB 126 (HESS)

The House HESS Committee has considered HB 126, "An Act relating to the public school foundation program;...efd.", and passed it on to the House Finance Committee, the next committee of referral. Upon adoption of several minor amendments, which are incorporated into the HESS committee substitute, the Committee recommends the bill as a fundamentally equitable means of distributing state money to the state's elementary and secondary schools. CSHB 126 (HESS) will pass the disparity test which is required to continue the annual receipt of approximately \$60 million of federal PL 81-874 funds.

During our deliberations on HB 126, the Committee considered a number of issues which are outside of the distribution mechanism created by the bill, but which directly affect the overall level of state funding to school districts. These issues are related to the Governor's revised FY 88 budget, namely:

- 1) Beginning FY 88, school districts will be expected to pay the state's contribution to the Teachers Retirement System out of foundation funds.
- 2) No longer will there be a separate state appropriation for community schools. Instead HB 126 authorizes school districts to fund community schools out of foundation dollars.
- 3) In FY 88, the state's reimbursement for school construction debt will be reduced from 90% of entitlement to 70%.
- 4) Pro-ration for the reimbursement of pupil transportation will be reduced to 75% in FY 88.

The elimination or reduction of these various fund sources means that state funding to school districts will be reduced in FY 88, from the FY 87 revised levels, by approximately \$65.2 million. Funding through the foundation program will increase in FY 88 by \$7.9 million leaving a net overall decrease of \$57.3 million, (see attached chart). When compared to the budget passed by the legislature and signed by the governor last year, before executive impoundments, the

decrease is even more dramatic: \$127.9 million. The Committee is well aware of the critical budget problems that our state faces, but we consider such cuts to be excessive. In an era when the role of state government needs to be re-examined and priorities need to be re-considered, the essential and fundamental obligation of funding public schools must remain paramount.

It is the intent of the Committee in passing out CSHB 126 (HESS) to recognize the inadequate level of funding for public education, but also to endorse the funding mechanism created in this bill. It is very important to note that, except for one simple modification, methods for increasing education funding should be sought outside of this bill. In this regard, the Committee discussed the following approaches:

- 1) increasing the base instructional unit value above the \$60,000 level indicated in the bill (the simple modification),
- 2) restoring the state's contribution to the TRS as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 3) funding the community school program as a separate budget line item without a corresponding decrease to the base instructional unit value,
- 4) funding construction debt reimbursement at 100% of entitlement,
- 5) providing a means to require and/or encourage unorganized areas to organize and collect taxes.

Of these approaches, the Committee endorses items 1), 2) and 3), above, as the most equitable and attainable means of increasing funding for education in FY 88. It is the opinion of the Committee that funding for education should be held harmless at the FY 87 revised levels mentioned earlier; a total of \$57.3 million, (see the attached chart). In particular, the Committee strongly recommends that \$28.5 million be reinstated for the TRS and \$2.2 million be reinstated for community schools, each outside of the foundation program.

The Committee adopted amendments to HB 126 as follows:

- 1) The 5.5 mill tax levy limit on local effort was changed to 6.0 mills, (sec. 4). This allows school districts more flexibility in contributing local effort and will not result in a failure of the disparity test.
- 2) The effective date on the authorization to deduct fund balances over 5% from the school district's following year's appropriation was moved back to July 1, 1988, (sec. 25). This will allow school districts more time to adapt to this change in statute.

- 3) The existing law was changed so that federal funds received by a school district will be credited to the year for which the funds were intended, (sec. 2 and 21).
- 4) The formula was changed so that special education programs were guaranteed minimum funding, (sec. 7).
- 5) The purpose section was changed to read, that the foundation program is to assure an "equitable" level of educational opportunities, rather than an "adequate" level, (sec. 16).
- 6) The commissioner (of DOE) was granted the authority to allow an alternative 20-day student count period, for good cause, (sec. 13).
- 7) The deadline for student count periods was moved from September 20th to October 15th, to allow school districts more time for preparation, (sec. 10).
- 8) Several clarifying and technical amendments were also made by Legislative Legal Services and the Attorney General's Office.

The Committee considered, but did not adopt the following suggested changes to HB 126:

- 1) Changing of the formulas which determine elementary and secondary instructional units, (sec. 6), was not adopted since these formulas appropriately represent the economies of scale associated with operating schools.
- 2) A teacher training and experience factor was not adopted because the ramifications of such an amendment were not adequately addressed.
- 3) Modification of the 35% local effort requirement, (sec.4), was not adopted because such an amendment would cause a greater disequalization of funds.
- 4) Language requiring the use of full and true property value determinations (sec. 12) was not changed since full and true value is the most objective and fair measure available that can be applied to all districts.
- 5) An amendment that would have limited the requirement that the Department of Community and Regional Affairs determine the full and true value of property only in city and borough districts, and not in REAAs, failed, (sec.12).


Several concerns regarding the area cost differentials were reviewed by the committee. Due to the absence of any other comprehensive and objective approach, the Committee supports the use of the differentials in HB 126. We strongly suggest, however, that the data upon which the differentials were developed be re-examined and adjusted so that the actual costs of school operations, rather than costs of living, are more accurately represented.

There was considerable discussion regarding the possible taxation of the unorganized areas to help defray the cost of education in those areas. Sample assessment data was presented to the Committee showing that, at a four mill levy, approximately \$16.0 million in taxes could be raised from the unorganized areas represented by the 23 REAAs. Of that total, \$12.0 million would come from the four REAAs which encompass the Trans Alaska Pipeline. As important as any funds that could be generated from any kind of taxation plan, the Committee was concerned that some means be found to encourage local fiscal responsibility through some local contributions. The Committee urges the Finance Committee to give this issue serious consideration.

In conclusion: upon considerable deliberation, the House HESS Committee strongly recommends that the legislature adopt CSHB 126 (HESS) as an equitable, vastly improved means of funding public schools in the State of Alaska. We urge that increased funding for education be appropriated for FY 88 as outlined above. We also recommend an objective and comprehensive re-examination of the area cost differentials. Finally, we urge that the issue of taxation in the unorganized areas be given serious consideration. We welcome any opportunity to discuss our Committee's deliberations at any time.



Rep. Nillo Koponen  
Co-Chairman



Rep. Johnny Ellis  
Co-Chairman

Department of Education Budget Figures Relevant to the  
Letter of Intent for CSHB 126 (HESS)

(All figures in thousands of dollars)

	'87 Authorized	'87 Revised	'88 Revised (3-17-87)	<u>87 Auth/88 Rev. Comparison</u>	<u>87 Rev./88 Rev Comparison</u>
Pupil Trans.	23,631.8	21,268.6	18,598.5	-5,033.3	-2,670.1
TRS	31,595.0	26,856.3	-0-	-31,595.0	-28,491.8
Const. Debt	144,263.7	115,845.0	84,026.9	-60,236.8	-31,818.1
Comm Schools	2,595.6	2,206.3	-0-	-2,595.6	-2,206.3
Found. Prog.	456,522.0	420,174.2**	428,086.5	<u>-28,435.5</u>	<u>7,912.3</u>

- \$127,896.2  
Total Shortfall,  
88 Revised from  
87 Authorized

-\$57,274.0  
Total Hold  
Harmless at  
87 Revised  
level

\* Amount recommended by Div. of Retirement & Benefits to DOE for TRS State match to be included in foundation program for FY 88

\*\* Includes secondary formula account

HB

129



Official Business

**COMMITTEE:**

House HESS

**DATE:** 3-10-87

**SIGN-IN**

**Subject of meeting:**

HB 13  
HB 129  
HB 140

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Sen Trivette	P.O. Box T, Juneau	3394	Dept. Corr.	YES <i>if necessary</i>
JASON KNIGHTON	PO Box T, Juneau	3371,	Dept Corrections	NO
LARRY BUSSONE	Capitol Bm. 500	3727	REP. LARSON	YES <sup>13</sup> <sub>129</sub>
Michael HARR	P.O. BOX KC JUNEAU	3428	Dept. of LAW	Yes
Bluhm	Legislative Finance	3795		NO
CURTIS MASINGILL	SEN. DON BENNETT		SENATE	NO
tomwright	CHP 521 <del>Rep</del> Rep Swackhammer	2689	Swackhammer	NO
Dennis Burns	Rep Ulmer	4967	Ulmer	NO
Ervin Jones	REVENUE	2313	Revenue - PFD	<del>NO</del> YES. SSHB 13, HB 129

HB 129 -- An Act relating to criminal fines  
File Contents

- 1) Copy of HB 129
- 2) Position Paper of Office of Public Advocacy dated 2/23/87 with fiscal note
- 3) Position paper of Department of Public Safety and Fiscal Note dated 2/23/87
- 5) Minutes of 3/10/87

# HOUSE COMMITTEE REPORT

(7)

Date referred: 2/13/87

FURTHER REFERRALS: Judiciary  
Finance

DATE: \_\_\_\_\_

The Health, Education and Social Services Committee has considered HB 129

"An Act relating to criminal fines."

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

*John Ellis*  
*Bill Ford*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

*R.C. De & Pally: No Rec*  
*George Stanley No Rec*  
~~*[Signature]*~~  
*Nick Koponen no rec*  
~~*[Signature]*~~  
*Wendell [Signature] no rec*  
*Wendell [Signature] NO REC*  
 \_\_\_\_\_  
 \_\_\_\_\_

*John Ellis*  
 \_\_\_\_\_  
 Chairman's signature  
*Nick Koponen*

POSITION PAPER  
HB 129

This legislation would allow the taking of permanent fund dividends in order to pay court-ordered fines.

Enactment of this legislation would have no impact upon Office of Public Advocacy programs.

The Office of Public Advocacy takes no position with respect to this legislation.

*Brant McGee*

\_\_\_\_\_  
Brant McGee  
Public Advocate

*2/23/87*  
\_\_\_\_\_  
Date

*James Peska*  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

*2/27/87*  
\_\_\_\_\_  
Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_ Bill Version: HB 129  
 \_\_\_\_\_ Publish Date: \_\_\_\_\_  
 Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: "An Act relating to  
criminal fines..." BRU: Office of Public Advocacy  
 Sponsor: Larson, Menard Components: \_\_\_\_\_  
 Requestor: Senate Judiciary \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee, Public Advocate Phone: 274-1684  
 Division: Office of Public Advocacy Date: \_\_\_\_\_  
 Approved by Commissioner: Garrey Peska Date: 2/27/87  
 Agency: Department of Administration

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

BILL NO: HB 129

DATE: March 3, 1987

TITLE: "An Act relating to criminal fines."

CONTACT: James D. Vaden  
Deputy Commissioner

DEPARTMENT OF PUBLIC SAFETY  
POSTOFFICE

Passage of this legislation would allow a defendant's permanent fund dividend to be garnished to satisfy a fine.

This may allow the Court to receive payment of fines from individuals who fail to satisfy a court judgement, but are eligible for a permanent fund dividend.

It may reduce police officers' work throughout the State as the Court may not issue as many arrest warrants, which the police must serve, for failure to satisfy judgement.

The Division of Alaska State Troopers supports passage of this legislation.

  
\_\_\_\_\_  
William R. Nix  
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HB 129

Publish Date: \_\_\_\_\_

REQUEST

Revision Date: \_\_\_\_\_

Title: "An Act relating to criminal fines.."

Sponsor: Rep. Larson

Requestor: House HESS

Agency Affected: Public Safety

BRU: Alaska State Troopers

Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Francis C. Allan *F.C.A.*

Division: Alaska State Troopers

Phone: 269-5691

Date: 2/23/87

Approved by Commissioner: William R. Nix *W.R.N.*

Agency: Public Safety

Date: 2/25/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

*JML*  
*2/25/87*

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H HESS

3-10-87

8:30a.m.

H B

130

AMENDMENT NO.

OFFERED IN HOUSE HESS COMMITTEE:

BY: Alyce Hanley

HOUSE BILL NO. 130

PAGE 4, LINE 14

receiving a written request. A written notice by either party must be presented no later than November 1.

PAGE 4, LINE 18

(c) Negotiations must be concluded with both parties reaching agreement by January 15, unless by mutual agreement, both parties agree to extend the process to January 31. Failing to reach agreement by January 31, the parties shall immediately institute the mediation process (Sec. 14.20.570)

PAGE 5, LINE 21

period. Following mediation agreement must be reached no later than April 15th or the dispute will go to arbitration (Sec. 14.20.585)

AMENDMENT NO.

OFFERED IN HOUSE HESS COMMITTEE:

BY: Alyce Hanley

HOUSE BILL NO. 130

PAGE 6, LINE 3

each party shall submit a final offer on all [each] issues in  
dispute. Each

PAGE 6, LINE 14

best offer of one of the parties [on each issue] and shall issue a

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version: HB 130  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act relating to educational employees' collective bargaining."  
Sponsor: House HESS  
Requestor: House HESS

Agency Affected: Labor  
BRU: Labor Standards & Safety

Components: Wage & Hour

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		122.6	122.6	67.7	67.7	67.7
TRAVEL		23.5	24.2	12.1	12.5	12.8
CONTRACTUAL		53.3	54.9	39.3	40.5	41.7
SUPPLIES		2.1	2.2	1.3	1.3	1.4
EQUIPMENT		4.8	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>206.3</b>	<b>203.9</b>	<b>120.4</b>	<b>122.0</b>	<b>123.6</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		206.3	203.9	120.4	122.0	123.6
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0</b>	<b>206.3</b>	<b>203.9</b>	<b>120.4</b>	<b>122.0</b>	<b>123.6</b>

**POSITIONS:**

FULL-TIME		3	3	1	1	1
PART-TIME					1	1
TEMPORARY						

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

Prepared by: Tom Stuart, Director *Stuart*  
Division: Labor Standards & Safety

Phone: 465-4870  
Date: 3/18/87

Approved by Commissioner: Jim Sampson *Sampson*  
Agency: Labor

Date: 3/18/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

## FISCAL NOTE ANALYSIS

For HB 130

Under this bill, the Department of Labor will act as the labor relations agency for all school districts and will be responsible for investigating representation petitions; determining appropriate units for collective bargaining purposes; investigating unfair labor practices; monitoring elections; and holding representation and unfair labor practices hearings.

Two investigators (located in Anchorage) are required to conduct the investigations, to monitor the elections, and to hold informal hearings. In addition, one clerical position is required to provide support to the investigators.

In addition to the costs associated with the two Wage and Hour Investigators and one clerical position, the fiscal note also includes costs for printing (\$3,000) and legal fees (\$15,000).

Line item costs for FY 88 are as follows:

Personal Services	\$122,600
Travel	23,500
Contractual Services	53,300
Commodities	2,100
Equipment	4,800
TOTAL	<u>\$206,300</u>

Of these costs, only the equipment costs of \$4,800 are one-time items.

For FY 89 through FY 92, an inflation rate of 3.0 percent has been used for all line items but personal services.

It is anticipated that the labor relations activity will stabilize after two years. Accordingly, beginning in FY 90, the costs reflect a three-month reduction in the clerk-typist position and a deletion of one investigator position.

Other assumptions:

1. Effective date of July 1, 1987.
2. Contracts of 28 school districts will come up for renegotiations each year.
3. Fifty percent of the school districts (equates to approximately 28) will file unfair labor practice charges requiring hearing before the labor relations board.

Position Title <b>Wage and Hour Investigator II</b>			No. of Positions <b>2</b>	Range/Step <b>18A</b>	Barg. Unit <b>GGU</b>	Gov.	Approv.	Disapp.
Time Status <b>PFT</b>	Staff Months <b>12</b>	RP Number	Location <b>Anchorage</b>		Election District	Leg.		
Type of Expenditure			Justification					
Amount			<p>These positions will conduct investigations and informal hearings of unfair labor practices complaints filed with this agency. The position will be responsible for monitoring school district representation elections and assisting school districts in complying with state and federal labor relation laws. The investigator will travel extensively throughout the state performing these investigations, hearings, and monitoring functions.</p> <p>Contractual and commodity costs are average per - employee costs. Equipment would be a one-time expense for desk, chair, cabinets, etc.</p>					
1	2	3						
Salary	74,712							
Benefits	22,414							
Premium Pay								
Other								
Total Personal Services		97,126						
Travel		23,500						
Contractual		25,100						
Commodities		1,400						
Equipment		3,200						
Other								
Total Cost		150,326						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		150,326					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> For B&amp;M Use Only  Key Number _____ </div>								

**Request For  
New Position**

Agency Labor  
BRU Wage and Hour  
Component Labor Standards and Safety

Page 3 of 4  
Revised Date \_\_\_\_\_

**FY 87**

Position Title <b>Clerk Typist III</b>			No. of Positions 1	Range/Step 8A	Barq. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
Amount			<p>This position will provide clerical support (typing, answering telephone, mail handling, etc.) for two wage and hour investigators.</p> <p>Contractual and commodity costs are average per-employee costs. Equipment would be a one-time expense for desk, chair, cabinets, etc.</p>					
1	2	3						
Salary	19,572							
Benefits	5,872							
Premium Pay								
Other								
Total Personal Services		25,444						
Travel		0						
Contractual		10,244						
Commodities		700						
Equipment		1,600						
Other								
Total Cost		37,988						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		37,988					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only								
Key Number								

**Request For  
New Position**

Agency Department of Labor  
 BRU Labor Standards & Safety  
 Component Wage and Hour Administration

Page 4 of 4  
 Revised Date

**FY 87**

Bill No. House Bill 130

Date March 19, 1987

Title "An Act relating to educational employees; collective bargaining agreements; and providing for an effective date."

Contact: Tom Stuart  
465-4870

Eileen Plate  
465-2700

This legislation makes it mandatory for all school boards to permit their noncertificated employees to enter into collective bargaining. Presently only certificated employees have the right to bargain collectively.

Under this bill, the Department of Labor would become the labor relations agency for 55 separate school districts (including REAA's) involving approximately 4,600 noncertificated employees and 7,500 certificated employees. The department would be responsible for:

- investigating representation petitions;
- determining appropriate units for the purpose of collective bargaining;
- conducting elections;
- monitoring the resolution of unfair labor practices;
- conducting preliminary hearings; and
- monitoring the mediation and arbitration of disputed issues subsequent to impasse during collective bargaining negotiations.

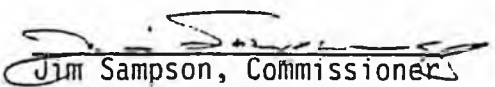
There are 55 school boards within the State of Alaska (including REAA's). Therefore, the Department of Labor as the labor relations agency would be conducting elections for the 55 separate school boards and holding hearings associated with the elections.

Four school districts are presently organized or have a collective bargaining agreement with a union or an association. These are Fairbanks, Kenai, Juneau and Anchorage.

The department supports the concept of extending collective bargaining to this group of public employees.

The department's fiscal note is attached.

APPROVED:

  
Jim Sampson, Commissioner  
Department of Labor

**POSITION PAPER/**Department of Labor

*Rebo*  
*Final Crown*  
*3/20/77*  
*del. to Kopman*

Original sponsor: Health, Education and  
Social Services Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 130 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to educational employees' collective  
7 bargaining agreements; and providing for an effective  
8 date."

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

10 \* Section 1. AS 14.20 is amended by adding a new section to article 6  
11 to read:

12 Sec. 14.20.540. DECLARATION OF POLICY. The legislature finds  
13 that public school employees are entitled to participate in formulat-  
14 ing decisions that pertain to their employment and to the fulfillment  
15 of their professional duties. Effective and responsive administration  
16 of public schools is most readily obtained through the negotiation of  
17 labor agreements that incorporate both managerial and employee per-  
18 spectives. The legislature further finds that providing for harmoni-  
19 ous and cooperative relations between school boards and employee orga-  
20 nizations will promote public education in the state. Accordingly,  
21 the legislature declares that it is in the best interests of the state  
22 to guarantee educational employees the opportunity to form employee  
23 organizations and to negotiate with respect to the terms of their  
24 employment.

25 \* Sec. 2. AS 14.20.550 is amended to read:

26 Sec. 14.20.550. NEGOTIATION WITH [CERTIFICATED] EMPLOYEES. A  
27 [EACH CITY, BOROUGH AND REGIONAL] school board [,] shall negotiate  
28 with its [CERTIFICATED] employees in good faith on matters pertaining  
29 to [THEIR] employment and the fulfillment of [THEIR] professional

1 duties.

2 \* Sec. 3. AS 14.20.555(a) is amended to read:

3 (a) Negotiations between the [CERTIFICATED] employees of the  
4 regional educational attendance areas and the respective regional  
5 school boards may [SHALL] be conducted by one team representing all  
6 the [CERTIFICATED] employees [, ONE TEAM REPRESENTING ALL THE CERTIF-  
7 ICATED ADMINISTRATIVE PERSONNEL IF THEY HAVE JOINED TOGETHER TO  
8 NEGOTIATE INDEPENDENTLY AS PROVIDED IN AS 14.20.560(f),] and one team  
9 representing all the participating regional school boards. If admin-  
10 istrative personnel or noncertificated employees have joined together  
11 to negotiate independently as provided in AS 14.20.560(f), a team  
12 representing the independent employee organizations shall participate  
13 in the negotiations.

14 \* Sec. 4. AS 14.20.560 is repealed and reenacted to read:

15 Sec. 14.20.560. NEGOTIATING UNIT. (a) In order to assure to  
16 employees the fullest freedom in exercising the rights provided under  
17 AS 14.20.540 - 14.20.615, the labor relations agency shall decide in  
18 each case the appropriate negotiating unit, based on such factors as  
19 community of interest, wages, hours, and other working conditions of  
20 the employees involved, the history of negotiating, and the desires of  
21 the employees. Negotiating units must be as large as is reasonable.  
22 The agency shall avoid unnecessary fragmenting of the units.

23 (b) Upon petition for certification by 30 percent of the employ-  
24 ees in a proposed negotiating unit, and if the labor relations agency  
25 has reasonable cause to believe that a question of representation  
26 exists, the agency shall provide for an appropriate hearing after  
27 reasonable notice. If the labor relations agency finds that there is  
28 a question of representation, the agency shall direct an election by  
29 secret ballot to determine whether, or by which organization, the

1 employees desire to be represented, and shall certify the results of  
2 the election. The parties may agree to waive a hearing in order to  
3 hold a consent election or for voluntary certification in accordance  
4 with regulations of the labor relations agency, or for an election in  
5 a negotiating unit agreed upon by the parties. The labor relations  
6 agency shall determine the persons eligible to vote in an election and  
7 shall adopt regulations governing the election. In an election in  
8 which none of the choices on the ballot receives a majority of the  
9 votes cast, the agency shall conduct a runoff election. The ballot in  
10 the runoff election must provide for selection between the two choices  
11 receiving the largest and the second largest number of valid votes  
12 cast in the election. The agency shall certify an organization that  
13 receives the majority of the votes cast in the election as the exclu-  
14 sive representative of all the employees in the negotiating unit.

15 (c) An election may not be held in a negotiating unit or in a  
16 subdivision of a negotiating unit if a valid election has been held  
17 within the preceding 12 months.

18 (d) The parties may agree to recognize an employee bargaining  
19 organization as the exclusive representative.

20 (e) The labor relations agency may direct an election in a  
21 negotiating unit in which there is in force a valid collective bar-  
22 gaining agreement only during the 90-day period preceding the expira-  
23 tion date of the agreement. However, an agreement may not bar an  
24 election upon petition of persons in the negotiating unit but not  
25 parties to the agreement if more than three years have elapsed since  
26 the execution of the agreement or the last timely renewal, whichever  
27 was later.

28 (f) Noncertificated employees or certificated administrative  
29 personnel may choose by secret ballot to negotiate independently of

1 other personnel. If noncertificated or certificated administrative  
2 personnel seek to negotiate independently of other certificated em-  
3 ployees, the labor relations agency shall review the submitted rep-  
4 resentation petition and, if 30 percent of the employees in a proper  
5 negotiating unit sign the petition, the agency shall conduct a rep-  
6 resentation election.

7 \* Sec. 5. AS 14.20 is amended by adding a new section to read:

8 Sec. 14.20.565. NEGOTIATION MEETINGS. (a) At the written  
9 request of an employee bargaining organization, a school board shall  
10 meet with the representative of the organization within 20 days after  
11 the request, at a time and place to be agreed upon. In the same  
12 manner, representatives of an employee bargaining organization shall  
13 meet with a school board or its representatives within 20 days after  
14 receiving ~~a written request~~ <sup>INSERT - DO NOT UNDERSCORE</sup> a written request.

15 (b) Notwithstanding AS 44.62.310, the parties may agree to hold  
16 a negotiation meeting in executive session, but the parties shall make  
17 all final agreements at a public meeting of the school board.  
18 <sup>INSERT NEW (C) - DO NOT UNDERSCORE</sup>

\* Sec. 6. AS 14.20.570(a) is amended to read:

19 (a) Upon [THE] written request for mediation by an employee  
20 bargaining organization [AGENCY] or a school board, and upon certi-  
21 fication by the requesting party that the parties cannot agree on an  
22 independent private mediator and that good faith negotiations have  
23 terminated in an impasse, the following procedure must be followed  
24 [OCCURS]:

25 (1) within [WITHIN] seven days after [OF] the certifica-  
26 tion, the requesting party shall ask the United States Federal Media-  
27 tion and Conciliation Service to serve as the agency to resolve the  
28 dispute; [.]

29 (2) the [THE] mediator shall chair all mediation meetings

~~AMENDMENT NO. 1~~

AMENDMENT NO. 1

OFFERED IN HOUSE HESS COMMITTEE:

BY: Alyce Hanley

HOUSE BILL NO. 130

PAGE 4, LINE 14

~~receiving a written request. A written notice by either party must be presented no later than November 1.~~

*No later than JAN 15, January 15.*

PAGE 4, LINE 18

*NO underline*

(c) Negotiations must be concluded with both parties reaching agreement by <sup>MARCH 31</sup> January 15, unless by mutual agreement, both parties agree to extend the process to <sup>March 31</sup> January 31. Failing to reach agreement by <sup>MARCH</sup> January 31, the parties shall immediately institute the mediation process <sup>under AS</sup> (Sec. 14.20.570X).

PAGE 5, LINE 21

~~period. Following mediation agreement must be reached no later than April 15th, or the dispute will go to arbitration, (Sec. 14.20.585X).~~

~~Arbitration shall (start) by May 15.~~

*The parties shall conclude arbitration by May 15.*

1 between the disputing parties and attempt to resolve the differences  
2 between the disputing parties and reach common acceptance of terms and  
3 conditions or other items in dispute wherever possible; [.]

4 (3) each [WITHIN 30 DAYS OF THE INITIAL MEETING OF THE  
5 PARTIES TO THE DISPUTE THE MEDIATOR SHALL HAVE REDUCED ALL THE AGREED  
6 TERMS, CONDITIONS AND OTHER ITEMS TO A WRITTEN CONTRACT. IF MUTUALLY  
7 AGREED THE PERIOD FOR REPORTING THE CONTRACT TO BOTH PARTIES MAY BE  
8 EXTENDED.

9 (4) EACH party to the dispute may select a team [OF NOT  
10 MORE THAN FIVE PERSONS] to present the evidence, thinking and position  
11 of the group they represent [,] to the mediator.

12 \* Sec. 7. AS 14.20.570 is amended by adding a new subsection to read:

13 (c) When a mediation or arbitration meeting is held during  
14 normal working hours, the school district shall release the members of  
15 the employee team from work to attend the meeting without loss of pay  
16 or benefits.

17 \* Sec. 8. AS 14.20.580 is repealed and reenacted to read:

18 Sec. 14.20.580. CONTINUED IMPASSE. The mediator shall determine  
19 when further mediation would not promote resolution of the dispute.  
20 Following mediation, the parties shall observe a 10-day cooling-off  
21 period. <sup>^</sup> INSERT - NO UNDERSCORE

22 \* Sec. 9. AS 14.20 is amended by adding a new section to read:

23 Sec. 14.20.585. ARBITRATION. (a) A collective bargaining  
24 agreement between a school board and an employee bargaining organiza-  
25 tion must include a procedure to promptly select an arbitrator to  
26 conduct last-best-offer mediated arbitration. If the parties are  
27 unable to agree on a procedure for the selection of an arbitrator, the  
28 parties shall use the services of and comply with the procedures of  
29 the American Arbitration Association in the selection of an

1 arbitrator. An arbitrator selected under this subsection must be a  
2 resident of this state unless no state resident arbitrator is readily  
3 available.

4 (b) In last-best-offer mediated arbitration under this section,  
5 each party shall submit a final offer on each issue in dispute. Each  
6 party shall submit to the arbitrator oral or written evidence in sup-  
7 port of its position, and must be given an opportunity to respond to  
8 the presentation of evidence by the other party. The arbitrator may  
9 propose compromises to points in dispute. At the request of either  
10 party, or on the motion of the arbitrator, the arbitrator may conduct  
11 a public meeting to allow the parties to present and explain their  
12 positions and final offers. The arbitrator shall allow each party to  
13 revise its last best offer before final submission to the arbitrator  
14 for decision.

15 (c) The arbitrator shall, without modification, adopt the last  
16 best offer of one of the parties on each issue, and shall issue a  
17 final and binding decision not more than 10 days after the parties  
18 have presented their last best offers.

19 (d) The parties shall share the cost of the arbitrator equally.

20 \* Sec. 10. AS 14.20.590 is amended to read:

21 Sec. 14.20.590. GRIEVANCE PROCEDURES. Negotiations agreements  
22 must [EXECUTED AFTER JULY 1, 1975 SHALL] define "grievances" and  
23 provide for grievance procedures [FOR THE CERTIFICATED STAFF]. The  
24 grievance procedures must [SHALL] provide that the final step in the  
25 procedure is [SHALL BE] binding arbitration. The negotiations agree-  
26 ment must [SHALL] provide a method for the selection of an arbitrator  
27 to resolve grievances. The arbitrator shall determine all questions  
28 of arbitrability of a grievance.

29 \* Sec. 11. AS 14.20.590 is amended by adding a new subsection to read:

1 (b) The prohibition of unfair labor practices, as described in  
2 AS 23.40.110, applies to a school board and an employee organization.  
3 An unfair labor practice shall be adjudicated under the grievance  
4 procedure of the collective bargaining agreement. It is an unfair  
5 labor practice for a school board to refuse to continue the terms of  
6 an expired agreement until a new agreement is reached.

7 \* Sec. 12. AS 14.20.610 is amended to read:

8 Sec. 14.20.610. LEGAL RESPONSIBILITIES OF BOARDS. Nothing in  
9 AS 14.20.540 - 14.20.615 [AS 14.20.550 - 14.20.600] may be construed  
10 as an abrogation or delegation of the legal responsibilities, powers,  
11 and duties of the school board, including its right to make final  
12 decisions on educational policies.

13 \* Sec. 13. AS 14.20 is amended by adding a new section to article 6 to  
14 read:

15 Sec. 14.20.615. DEFINITIONS. (a) In AS 14.20.540 - 14.20.615,  
16 "employee" includes certificated and noncertificated employees of  
17 school districts.

18 (b) In AS 14.20.540 - 14.20.615, "collective bargaining," "elec-  
19 tion," "labor relations agency," and "organization" have the meanings  
20 given in AS 23.40.250.

21 \* Sec. 14. This Act does not modify or terminate a negotiating unit or  
22 agreement in existence on the effective date of this Act.

23 \* Sec. 15. This Act takes effect immediately under AS 01.10.070(c).  
24  
25  
26  
27  
28  
29

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version: CSHB-130(HESS)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: collective bargaining agreements  
and providing for an effective date.  
Sponsor: House HESS  
Requestor: HOUSE HESS

Agency Affected: Education  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		0	0	0	0	0
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

This bill has no fiscal impact on this department.

Prepared by: Steve Hole  
Division: Commissioner's Office

Phone: 465-2800  
Date: March 25, 1987

Approved by Commissioner: Marshall L. Lind  
Agency: Education

Date: March 25, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

# HOUSE COMMITTEE REPORT

(7)

Date referred: 2/13/87

FURTHER REFERRALS: Finance

DATE: 3/20/87

The Health, Education and Social Services Committee has considered HB 130

"An Act relating to educational employee s' collective bargaining agreements; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 130 (HESS)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

[Signature]

[Signature] - Do Not Pass

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Co Chairman's signature  
[Signature]



# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

Amendment to HB 130

By Gruenberg

page 6 line 1 add a new sentence  
to read:

"An arbitrator selected under this  
subsection must be a resident of this  
state unless ~~the~~ <sup>no</sup> ~~is~~ <sup>state</sup> a resident  
arbitrator is readily available <sup>in</sup> ~~through~~  
~~the American Arbitration Association.~~"

RECEIVED FEB 28 1987

LAW OFFICES OF  
FAULKNER, BANFIELD DOOGAN & HOLMES  
A PROFESSIONAL CORPORATION

302 GOLD STREET  
JUNEAU, ALASKA 99801  
(907) 586-2210  
TELECOPIER: (907) 586-8090

ANCHORAGE OFFICE  
DENALI TOWERS NORTH  
2550 DENALI STREET, SUITE 700  
ANCHORAGE, ALASKA 99503-2774  
(907) 274-0666

SEATTLE OFFICE  
FIFTH AVENUE PLAZA  
800 FIFTH AVENUE, SUITE 3740  
SEATTLE, WASHINGTON 98104  
(206) 292-8006

MICHAEL M. HOLMES  
RANDALL J. WEDDLE  
WILLIAM B. ROZELL  
LAWRENCE T. FEENEY  
CHARLES N. DRENNAN  
ANTHONY M. SHOLTY  
JAMES R. WEBB  
MICHAEL A. BARCOTT\*\*  
LEE S. GLASS, M.D.\*\*  
RICHARD B. BROWN  
TIMOTHY A. MCKEEVER  
JOHN F. CLOUGH III  
LEON T. VANCE

DIANE L. DALEY\*\*  
JAMES E. HUTCHINS  
JULIE E. BRYANT  
JOHN E. CASPERSON\*\*  
ANN G. VANCE  
ERIC A. KUEFFNER  
JOYCE E. BAMBERGER  
JEROME H. JUDAY  
ALLAN E. TESCHE  
J. DAVID PRICE  
SUSAN L. RANDALL  
ROBERT J. McLAUGHLIN  
DEBORAH E. BEHR

NORMAN C. BANFIELD  
OF COUNSEL

February 26, 1987

HERBERT L. FAULKNER (1882-1972)  
FRANK M. DOOGAN (1923-1977)

\*\*ADMITTED IN WASHINGTON & ALASKA  
OTHERS NOT ADMITTED IN WASHINGTON

The Honorable Frances Ulmer  
House of Representatives  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Re: HB 130

Dear Fran:

Here are some thoughts about some of the less obvious problems (i.e. not including the concept of binding arbitration) in the above referenced bill. There are some very substantial changes from current law.

For example, Section 2 would mandate that districts collectively bargain with noncertificated personnel. This is not currently required although a number of districts do so voluntarily. There are alot of districts in this State who have very few noncertificated employees and they are able to reach compensation agreements with them without going through the formal and often time consuming process of collective bargaining. I have never known of a situation in which the lack of this statutory collective bargaining obligation gave rise to any dispute or difficulty between a district and its classified staff. In short, to my knowledge "it ain't broke."

I do not understand how Section 3 is suppose to work. It purports to authorize negotiations between a single organization representing all REAA employees and another organization representing all REAAs. It does not specify who decides if such consolidation is going to take place or what